92-2263

A	ALTERA CORP	10Q	03-31-92
B	AMBER RESOURCES CO	10Q	03-31-92
C	AUTOMOTIVE INDUSTRIES HOLDING INC	10Q	06-27-92
D	BANK OF GONZALES HOLDING CO INC	10Q	03-31-92
E	BELLATRIX INTERNATIONAL INC	10Q	03-31-92
F	BKLA BANCORP	10Q	06-30-92
G	CRESCENT CAPITAL INC	10Q	03-31-92
H	F.F.O. FINANCIAL GROUP INC	10Q	03-31-92
I	HEALTHCARE COMPARE CORP	10Q	03-31-92
J	LESLIE'S POOLMART	10Q	03-31-92
K	OHIO BANCORP	10Q	03-31-92
L	PENWEST LTD	10Q	05-31-92
M	TRIPLE "F" INC	10Q	06-28-92
N	UNITED FINANCIAL GROUP INC	10Q	03-31-92
O	VAC-TEC SYSTEMS INC	10Q	03-31-92
P	VIDA MEDICAL SYSTEMS INC	10Q	03-31-92
Q	WEST ONE BANCORP	10Q	03-31-92

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________ to ________

Commission file number 0-16617

Altera Corporation
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

77-0016691
(I.R.S. Employer Identification No.)

2610 Orchard Parkway, San Jose, California 95134
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (408) 894-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes X No ____

Number of shares of common stock outstanding at March 31, 1992: 20,085,528

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ALTERA CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED

MARCH 31, 1992

PART I

FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ALTERA CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

ASSETS	March 31, 1992 (Unaudited)	Dec. 31, 1991
Current assets:		
Cash, cash equivalents	$ 30,433	$ 25,239
Short-term investments	11,970	14,910
Total cash, cash equivalents, and short-term investments	42,403	40,149
Accounts receivable, less allowance for doubtful accounts of $507 and $385	18,741	16,218
Inventories	12,890	10,896
Deferred income taxes	4,031	4,023
Other current assets	849	884
Total current assets	78,914	72,170
Property and equipment, at cost, less accumulated depreciation and amortization	16,145	15,468
Investment	14,448	14,568
	$109,507	$102,206
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,840	$ 3,048
Accrued liabilities	4,362	4,226
Accrued investment liability	1,478	3,196
Accrued compensation	1,755	3,270
Provision for returns and allowances	4,181	3,836
Income taxes payable	5,789	3,180
Total current liabilities	21,405	20,756
Shareholders' equity:		
Common stock; no par value: 40,000,000 shares authorized, 20,085,528 and 19,793,942 shares issued and outstanding	45,268	43,919
Retained earnings	42,834	37,531
	88,102	81,450
	$109,507	$102,206

ALTERA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	THREE MONTHS ENDED March 31, 1992	THREE MONTHS ENDED March 31, 1991
Sales	$29,794	$23,215
Costs and expenses:		
Cost of sales	11,955	9,643
Research and development	3,790	3,410
Selling, general, and administrative	6,034	4,852
Total operating expenses	21,779	17,905
Operating income	8,015	5,310
Interest income	401	404
Income before taxes	8,416	5,714
Provision for income taxes	3,113	2,044
Net income	$ 5,303	$ 3,670
Net income per share	$ 0.25	$ 0.18
Shares and equivalents used in calculation of net income per share	20,837	20,365

ALTERA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(In thousands)
(Unaudited)

	THREE MONTHS ENDED	
	March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Net income	$ 5,303	$ 3,670
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,671	1,318
Provision for returns and allowances	345	692
Changes in assets and liabilities:		
Accounts receivable, net	(2,523)	(1,564)
Inventories	(1,994)	276
Other current assets	27	69
Accounts payable	792	(191)
Accrued liabilities	136	332
Accrued compensation	(1,515)	(969)
Income taxes payable	2,609	1,692
Cash provided by (used for) operating activities	4,851	5,325
Cash flows from investing activities:		
Purchases of property and equipment	(2,228)	(1,887)
Investment	(1,718)	(3,288)
Purchases of short-term investments	(3,000)	
Proceeds from short-term investments	5,940	7,000
Cash provided by (used for) investing activities	(1,006)	1,825
Cash flows from financing activities:		
Net proceeds from issuance of common stock	1,349	676
Cash provided by (used for) financing activities	1,349	676
Net increase (decrease) in cash and cash equivalents	5,194	7,826
Cash and cash equivalents at beginning of period	25,239	14,285
Cash and cash equivalents at end of period	$30,433	$22,111
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income taxes	$ 481	$ 339

ALTERA CORPORATION

NOTES TO FINANCIAL INFORMATION
(Unaudited)

Note 1 - Interim Statements:

In the opinion of the Company, the accompanying unaudited financial data contain all adjustments, consisting only of normal, recurring adjustments, necessary to present fairly the financial information included therein. This financial data should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report to Shareholders for the year ended December 31, 1991. Results for the interim period presented are not necessarily indicative of results for the entire year.

Note 2 - Balance Sheet Detail:

	(In thousands)	
	March 31, 1992 (Unaudited)	Dec. 31, 1991
Inventories:		
Purchased parts and raw materials	$ 1,566	$ 1,721
Work-in-process	8,254	6,995
Finished goods	3,070	2,180
	$12,890	$10,896
Property and equipment:		
Equipment	$30,435	$28,286
Office furniture and equipment	2,734	2,691
Leasehold improvements	1,036	1,024
	34,205	32,001
Less accumulated depreciation and amortization	(18,060)	(16,533)
	$16,145	$15,468

Note 3 - Earnings per Share:

Income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist of the assumed net shares issuable upon the exercise of dilutive stock options using the treasury stock method.

ALTERA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Sales. First quarter 1992 sales of $29.8 million were 28% higher than the $23.2 million reported for the same period last year. In the latest quarter sales increased due to higher unit sales of both integrated circuit chips and software products. In software, the Company increased sales of its MAX+PLUS II development software, which supports all of its three major families of chips, including its newest MAX 7000 series. This increase in software sales was due in part to promotional pricing and in part due to first availability of MAX 7000 chips. These two factors caused software sales to increase sharply during the first quarter, reaching a record quarterly volume which is unlikely to continue at that rate. The average selling price of the Company's chips declined by 6% from a year ago. The Company believes that in high technology markets it is common for average selling prices of existing products to decline as newer, more advanced products are introduced. Although the Company expects this trend may continue, there can be no assurance that new products will command higher average selling prices or that the average selling price decline on existing products may not accelerate. Altera's sales history cannot be used to predict future results.

Gross Margin. Gross margins for the latest quarter are higher than a year ago due in part to the change in product mix discussed above, since the increased amount of software sold has a higher margin than chip products. Chip margins also improved as manufacturing costs on some chip products have declined as volumes have increased relative to a year ago. The margins on mature products have declined due to price reductions. This has been partially offset by higher margins on newer products. Many uncertainties exist that could adversely impact future margins, including production yields, lower prices due to increasing competition, or a delay in new product shipments.

Research and Development. For the latest quarter, the Company has increased the dollars invested in research and development as compared to the same period last year, although as a percentage of sales these expenditures have declined. The Company has invested, and will continue to invest, significant research and development efforts into the development of programmable logic chips, related development software and hardware, and advanced semiconductor wafer fabrication processes. However, even if the Company accomplishes its goals for the development of new products and manufacturing processes, there is no assurance that these products will achieve market acceptance or that the new manufacturing processes will be successful. The Company must continue to develop and introduce new products in a timely manner to counter the average selling price trend discussed above.

The Company has spent significant research and development resources improving production yields on its products to commercially acceptable levels. However, there can be no guarantee that yield problems and the need to improve product yields might not recur with existing or new products or fabrication processes. Some of the Company's newest MAX 7000 family of products involve electrically erasable (E^2) technology, which is a new process technology for the Company.

Selling, General, and Administrative. Selling, general, and administrative expenses for the latest quarter increased in dollars, but declined as a percentage of sales compared to the same period of last year.

The Company uses three methods to market its products: direct sales to electronics manufacturers via independent sales representatives, sales through licensed domestic and foreign distributors, and direct sales to customers by Altera sales department personnel. The Company has seven U.S. and six international sales offices.

Sales costs have increased as a result of increased commissions due to higher sales, and an increase in advertising beginning in the first quarter of 1992. General and administrative expenses have increased in dollars, and also slightly as a percentage of sales.

Operating Income. First quarter 1992 operating income of $8.0 million was 27% of sales. Operating income for the first quarter of 1991 was 23% of sales. The increase in first quarter operating income as a percentage of sales resulted from higher gross margins, lower research and development expenses as a percentage of sales, and lower sales and marketing expenses as a percentage of sales.

Interest Income. Interest income for the latest quarter, despite higher cash balances, was slightly below the same period in 1991 due to lower interest rates.

Income Taxes. The Company's provision for income taxes has increased to 37% of income before taxes from the 36% provided in the first three months of 1991, due to lower tax credits available in 1992.

Future Results. Many uncertainties exist that could have an unfavorable impact on the Company's future operating results, including general economic conditions in both foreign and domestic markets, overall growth in the Company's markets, manufacturing yields, wafer supply, and competition. In the first quarter of 1992, the Company saw substantially increased competition from Cypress Semiconductor, a company that is a licensee of the Company's MAX 5000 series of chips. Also, an increased number of other companies have announced their intentions to enter the market and potentially compete with Altera. Accordingly, past financial performance is not an indicator of future results and investors should not rely on historical trends to anticipate future results.

The Company attempts to ensure that its products and processes do not infringe the patent and proprietary rights of others, but cannot be certain that they are not doing so. As a result of its various technology licensing agreements, the Company has been granted rights to design, manufacture, package, and sell products using certain patents controlled by AMD, Cypress Semiconductor, Intel, and Texas Instruments. Other companies have filed applications for, or have been issued, other patents and may obtain additional patents and proprietary rights relating to products or processes competitive with those of the Company. As a result, it may be necessary or desirable for the Company to obtain additional licenses relating to one or more of its current or future products. There is no assurance that such additional licenses could be obtained, and, if obtainable, could be obtained on conditions which would not have a materially adverse financial effect on the Company.

Liquidity and Capital Resources

During the first three months of 1992, total cash, cash equivalents, and short term investments increased by $2.3 million to $42.4 million. The Company has no debt or capitalized lease obligations, and has a $5 million bank credit facility available for short term financing.

For the first three months of 1992, Altera invested $2.2 million in capital expenditures. The Company expects to invest an additional $7 million in the last nine months of 1992. Altera also invested approximately $2.0 million in additional inventory in the first quarter to improve its ability to service customer orders more rapidly. The Company expects to increase its inventories further in the coming periods in order to minimize its lead times to customers.

During the first three months of 1992, the Company paid $1.7 million towards its investment liability for the purchase of Cypress Semiconductor (Texas), Inc. ("CSTI") shares. The current CSTI investment liability of $1.5 million is expected to have $1.2 million paid in the third quarter of 1992 and the remainder paid during the first three months of 1993.

The Company believes that the cash, cash equivalents, short-term investments, and credit facility available at March 31, 1992, combined with cash generated from current operations, will be adequate for the capital expenditures and investments discussed above and to otherwise finance the Company's current operations for at least the next year.

Impact of Currency and Inflation. The Company purchased the majority of its materials and services in U.S. dollars, and its foreign sales were also billed in U.S. dollars. Accordingly, it has not been subject to substantial currency exchange fluctuations. Altera has entered into a contract for wafer purchases from Sharp Corporation denominated in Japanese Yen. Historically, the impact of fluctuations in exchange rates has not been significant. However, there can be no guarantee that this trend will continue. Effects of inflation on Altera's financial results have not been significant.

ALTERA CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED

MARCH 31, 1992

PART II

OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its annual shareholders meeting on April 29, 1992 at 10:00 a.m., after notice was provided to shareholders of record at March 2, 1932. Three items were voted upon:

1. The election of directors.
2. Amendment of the Company's 1988 Director Stock Option Plan to increase the term of options granted on or after the date of approval of the Amendment from five to ten years.
3. Ratification of the re-appointment of independent accountants.

The result of the vote for directors was the re-election of all existing directors: Rodney Smith, Michael A. Ellison, John B. Goodrich and Paul Newhagen. The vote on item number 2 was 14,018,665 in favor and 1,099,738 opposed, and the increase was approved. The re-appointment of independent accountants was ratified.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Computation of earnings per share (see Note 3 to Financial Information in Part I of this Form 10-Q).

(b) Reports on Form 8-K. None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALTERA CORPORATION

Paul Newhagen, Vice President, Finance
and Administration (duly authorized officer),
and Chief Financial Officer (principal
financial officer) and Secretary

Date: May 13, 1992

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SECURITIES AND EXCHANGE COMMISSION

B92-2263

WASHINGTON D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

19-19

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For Quarter Ended March 31, 1992
Commission File Number 0-8874

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AMBER RESOURCES COMPANY
(Exact name of registrant as specified in its charter)

Colorado	84-0750506
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Suite 3310
555 Seventeenth Street
Denver, Colorado 80202
(Address of principal executive offices (Zip Code)

Registrant's telephone number, including area codes:
(303) 298-7425

Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

4,666,185 shares of common stock, $.0625 par value, were outstanding at May 28, 1992.

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FINANCIAL INFORMATION

PART I

ITEM I. Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and footnotes required by generally accepted accounting principals and complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (all of which are normal recurring accruals). Operating results for the three month period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ended December 31, 1992.

AMBER RESOURCES COMPANY
Balance Sheets

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
Current Assets		
Cash	$ 27,415	$ --
Accounts receivable	158,085	108,738
Total Current Assets	185,500	108,738
Property and Equipment		
Oil and gas properties (using the full cost method of accounting)	3,865,820	3,826,863
Less accumulated depletion, depreciation and amortization	243,164	219,664
Net Property and Equipment	3,622,656	3,607,199
Other Assets		
Deposit	40,000	40,000
Other	10,823	10,823
Total Other Assets	50,823	50,823
	$3,858,979	$ 3,766,760

See notes to financial statements.

AMBER RESOURCES COMPANY
Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
Liabilities		
Current Liabilities		
Accounts payable	$ 234,964	$ 238,389
Loan payable - affiliate	247,568	105,635
Royalties payable	513,644	464,292
Note payable	154,701	270,174
Total Current Liabilities	1,150,877	1,078,490
Long Term Liabilities		
Royalties payable	355,483	373,483
Total Long Term Liabilities	355,483	373,483
Total Liabilities	1,506,360	1,451,973
Stockholders' Equity		
Preferred stock, $1 par value, 5,000,000 shares authorized; Class A convertible preferred stock, No shares outstanding	--	--
Common stock $.0625 par value. 25,000,000 shares authorized, 4,666,185 shares issued and outstanding	291,637	291,637
Additional paid in capital	6,449,704	6,449,704
Accumulated deficit	(4,388,722)	(4,426,554)
Total Stockholders' Equity	2,352,619	2,314,787
	$3,858,979	$ 3,766,760

See notes to financial statements.

AMBER RESOURCES COMPANY
Statements of Income

	Three Months Ended March 31, 1992 (Unaudited)	Three Months Ended March 31, 1991 (Unaudited)
Revenues		
Oil and gas sales	$ 218,842	$ 261,080
Amortization of advanced payments	--	102,400
Interest and other	35	2,598
Total Revenues	218,877	366,078
Expenses		
Lease operating expenses	61,457	59,030
Depreciation, depletion and amortization	23,500	89,082
General and administrative	90,688	122,368
Interest expense	5,400	16,606
Total Expense	181,045	287,086
Income Before Income taxes	37,832	78,992
Income Taxes	--	--
Net Income	$ 37,832	$ 78,992
Income per Share	$ .008	$ .016
Weighted Average Number of Shares Outstanding	4,666,185	4,666,185

See notes to financial statements.

AMBER RESOURCES COMPANY
Statements of Cash Flows

	Three Months Ended March 31,	
	1992 (Unaudited)	1991 (Audited)
Cash Flows from Operating Activities		
Net Income	$ 37,832	$ 78,992
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	23,500	89,082
Amortization of advance payments	--	(102,400)
Gain from sale of investment	--	(340)
Decrease (increase) in accounts receivable	(49,347)	9,761
(Increase) in prepaid expense	--	(11,970)
Decrease in other assets	--	7,860
Increase (decrease) in accounts payable	(3,425)	(213,095)
(Decrease) increase in royalties	31,352	--
	2,080	(221,102)
Net Cash Flows from Operating Activities	39,912	(142,110)
Cash Flows from Investing Activities		
Capital expenditures for oil and gas properties	(38,957)	(7,486)
Proceeds from investment held for resale	--	252,340
Net Cash Flows from Investing Activities	(38,957)	244,854
Cash Flows from Financing Activities		
Increase (decrease) in related party accounts	141,933	--
Repayment of debt	(115,473)	(106,966)
Net Cash Flows from Financing Activities	26,460	(106,966)
Increase (decrease) in Cash	27,415	(4,222)
Cash at beginning of year	--	138,744
Cash at end of year	$ 27,415	$ 134,522

See notes to financial statements.

AMBER RESOURCES COMPANY
Statement of Stockholders' Equity

	Convertible Preferred Stock		Common Stock		Additional Paid in Capital	Accum. Deficit	Accounts Receivable	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances-January 1, 1989	--	$ --	46,950,000	$146,719	$ 5,135,734	$(5,357,120)	$ --	$(74,667)
Issuance of common and preferred stock for oil and gas properties	1,999,908	1,999,908	20,661,350	66,793	(3,452,253)	--	--	(1,385,552)
Reverse common stock split of 20 to 1	--	--	(64,195,108)	--	--	--	--	--
Related party receivable	--	--	--	--	--	--	(2,016,727)	(2,016,727)
Net income for 1989	--	--	--	--	--	1,976	--	1,976
Balances-December 31, 1989	1,999,908	1,999,908	3,416,242	213,152	1,683,481	(5,355,144)	(2,016,727)	(3,474,970)
Reduction in related party receivable	--	--	--	--	--	--	2,016,727	2,016,727
Net income for 1989	--	--	--	--	--	317,139	--	317,139
Balances-December 31, 1990	1,999,908	1,999,908	3,416,242	213,512	1,683,481	(5,038,005)	--	(1,141,104)
Conversion of preferred stock for common stock	(1,999,908)	(1,999,908)	1,249,543	78,125	1,921,783	--	--	--
Push down accounting from Chippewa purchase	--	--	--	--	2,844,440	--	--	2,844,440
Net income for 1991	--	--	--	--	--	611,451	--	611,451
Balances-December 31, 1991	--	$ --	4,666,185	$291,637	$ 6,449,704	$(4,426,554)	$ --	$ 2,314,787

AMBER RESOURCES COMPANY
Notes to Financial Statements
March 31, 1992

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company is principally engaged in exploration, development and production of oil and gas. In July 1989, the Company acquired certain oil and gas properties, "the Oklahoma Properties" from the then chief executive officer and majority stockholder.

On August 21, 1991, the Company and Chippewa Resources Corporation ("Chippewa") a Denver, Colorado based oil and gas exploration and production company completed and closed a transaction whereby 72.00% of the outstanding common stock of the Company, along with certain offshore California oil and gas interests which were acquired by Chippewa from the then chief executive officer and Heafitz Energy Management, Inc. (collectively "HEMI"), were exchanged for 1,100 shares of Chippewa's restricted Series B Preferred Stock (convertible into 1,100,000 shares of common stock) valued at $3,650,000 and a $2,211,662 promissory note convertible into 1,297,220 (as of March 31, 1992) shares of Chippewa common stock. In addition, Chippewa acquired an additional 8.08 percent of the Company's outstanding common stock and therefore, owns 80.08 percent of the Company as of March 31, 1992.

Oil and Gas Properties

The Company follows the full cost method of accounting. All oil and gas properties are located in the United States. All costs incurred in the acquisition, exploration and development of properties are capitalized. Such costs include land and lease acquisition costs, delay rentals, geological and geophysical expenses, costs of drilling both productive and nonproductive wells, expenditures for production equipment and certain overhead costs associated with exploration and development activities. Amortization of proved oil and gas properties is computed using the its-of-production method based on estimated proved oil and gas reserves.

Normal sales of oil and gas properties are accounted for as adjustments of capitalized costs with no gain or losses recognized. Gain or loss is recognized only on the sale of oil and gas properties involving significant reserves.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gas Balancing

The Company uses the sale method of accounting for amounts received from gas sales resulting from production credited to the Company in excess of its revenue interest share. Under this method, all proceeds from production credited to the Company are recorded as revenue until such time as the Company has produced its share of related estimated remaining reserves. Thereafter, additional amounts received are recorded as a liability.

Advance Payment and Recoupment Royalties

Advanced payments and recoupment royalties were related to amounts received pursuant to a take-or-pay gas settlement contract relating to certain of the Company's Oklahoma properties. The Company has committed to deliver gas quantities and pay royalties necessary to satisfy certain obligations under the settlement contract. In prior periods, advance payments were amortized and revenue was recognized as the recoupment gas was delivered to the parties in the settlement contract. Recoupment royalties included in current liabilities include amounts for gas delivered through December 31, 1991 and an estimated provision for 1992 production. Significant accounting adjustments were made subsequent to the change of control during August, 1991. (See Note 3).

Income Taxes

The provision for income taxes is based upon income recorded in the financial statements.

Income Per Common Share

Income per common share is computed by dividing net income by the weighted average number of common shares outstanding.

NOTE 2 RELATED PARTY TRANSACTIONS

In 1988, the Company farmed out a 75% undivided interest to HEMI in certain offshore oil and gas leases and received as proceeds reimbursement for certain seismic costs and delay rentals of approximately $98,000, such amount was credited to oil and gas properties. Subsequent to the offshore lease assignment, certain costs were incurred on a well drilled whereby HEMI was unable to fund its share of costs, of which the Company became liable. Consequently in 1989, the Company recorded a total receivable form HEMI for approximately $2,017,000 and a payable to the operator for the drilled well in amount of approximately $1,600,000. In 1990, both the receivable and payable were increased by $470,000. In March 1991, the Company settled the total amount due to the operator of $2,070,000 for $200,000. As a result of the settlement, the Company recorded a reduction in amounts due from HEMI of approximately $1,400,000. The Company recorded a net provision for this receivable of $247,795, which resulted in a total reserve of $715,305 and a net receivable of $238,435 as of December 31, 1990. As of August 21, 1991, HEMI transferred oil and gas properties to the Company valued at $953,740. As a result, an adjustment has been recorded in the amount of $715,305 by the Company to oil and gas properties to reflect a recovery of the previously charged reserve and at December 31, 1991, the related party receivable is paid in full.

The Company received advances from Chippewa through March 31, 1992 as part of a "Convertible Promissory note dated August 20, 1991, whereby Chippewa agreed to advance the Company up to $250,000. These advances accrue interest at the rate of 1.25 percent per month. If not paid sooner, the principal and interest is due and payable on August 20, 1992. The advances due hereunder can be convertible at the option of Chippewa, at any time, into shares of the Company's common stock at a price of $1.35 per share plus adjustments at any time prior to payment by the Company of such principal and interest.

During the period August 20, 1991 through March 31, 1992 Chippewa advanced the Company $247,568.

NOTE 3 PUSH DOWN ACCOUNTING

The acquisition by Chippewa of Amber's outstanding common stock (See Note 1) is accounted for under Accounting Principles Board Opinion #16 and, therefore, recorded at fair market value. The basis of $5,766,916 paid by Chippewa for Amber stock was $2,844,440 more than Chippewa's equity in the net assets of Amber at the date of Chippewa's acquisition of Amber stock. This $2,844,440 is "pushed down" on Amber's assets and, therefore, the cost basis in Amber's oil and gas properties are increased by $2,844,440.

Under purchase accounting for the acquisition of the Company's assets and liabilities, the consideration paid by Chippewa was allocated and adjusted to reflect management's estimates of the relative fair value of such assets. The adjusted amounts have been based on oil and gas reserve studies and computational techniques designed to approximate their fair values. The following adjustments have been made:

A. Fair value adjustments for assets and liabilities net of future tax consequences:

i)	Oil and gas properties increased by;	$2,844,440
ii)	Restatement of liabilities for recoupment royalties based on market price, engineering and present value adjustments with equivalent reduction of oil and gas properties;(*)	$1,388,188
iii)	Elimination of non-recourse advance production payment and deferred revenue from both liabilities and oil and gas properties;	$2,138,599

* As part of the acquisition of the Company, Chippewa's management has determined that the amount of recoupment royalty owed by the Company should be adjusted to reflect actual market price estimates, revised engineering on timing of recoupments and the present value of future payments.

NOTE 3 PUSH DOWN ACCOUNTING (Continued)

Therefore, the following assumptions have been utilized:

a. market price per MCF during the month the gas was actually recouped; and

b. present value of future payments based upon updated engineering and a 10 percent discount rate starting January 1, 1991.

NOTE 4 DEBT

Debt is summarized as follows as of March 31, 1992:

Note payable to bank	$154,701
Less current portion	154,701
Long-term debt	$ --

Interest at prime plus 1% . Principal and interest are payable in 36 equal monthly installments of $40,000 commencing December 12, 1989, with the final installment due November 1992. The note payable agreement requires $40,000 be maintained as a compensating balance at the Bank until expiration of the agreement. In addition, the note payable is collateralized by certain oil and gas properties.

NOTE 5 INCOME TAXES

At March 31, 1992, the Company had a net operating loss carryforward for income tax purposes and an alternative minimuim tax carryforward of approximately $4,300,000 and $3,000,000, respectively, which expire between 1995 and 2004.

NOTE 6 SUBSEQUENT EVENT

On April 30, 1992, Chippewa acquired an additional 8.01 percent of the Company's common stock (373,885 shares) in exchange for 186,943 shares of Chippewa's restricted common stock. Therefore, at April 30, 1992, Chippewa owns 88.09 percent of the Company's outstanding common stock.

ITEM 2. MANAGEMENT'S ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

From August 20, 1991 through March 31, 1992, Chippewa Resources Corporation ("Chippewa") acquired 80.08% of the outstanding common stock of the Company (See Note to Financial Statements). As part of an August 20, 1991 Agreement, Chippewa advanced the Company $247,568 through March 31, 1992, including $141,933 during the first quarter of 1992. Management believes that comparisons between periods before and after August 21, 1991 are not meaningful as a result of certain substantial accounting changes described below and in Amber's Form 10-K for the year ending December 31, 1991.

Comparison of First Quarter 1992 to First Quarter 1991

The Company's cash flow increased by $27,415 for the three months ended March 31, 1992 as compared to a decrease in cash flow of $4,222 for the three months ended March 31, 1991. During the first quarter of 1992, the Company repaid debt of $115,473 as compared to $106,966 during the first quarter of 1991 and the Company during the first quarter of 1992 expended $38,957 to explore and develop oil and gas properties as compared to $7,486 in the first quarter of 1991.

As part of determining the Company's recoupment royalty liability as of December 31, 1991, management made certain recalculations of the liability based on actual contract terms, actual gas pricing for applicable periods, updated engineering and the historical pace of recoupment of gas, and, therefore, as of December 31, 1991, the Company reduced the recoupment royalty liability by $1,388,188 as compared to December 31, 1990. No recoupment royalties had been paid through March 31, 1992. In addition, as part of the acquisition by Chippewa of the Company's common stock, the Company eliminated from its balance sheet as of December 31, 1991, a non-recourse production payment previously listed as an advance payment liability of $2,138,599 (together with related oil and gas assets) and pushed down to the oil and gas properties $2,844,440 in cost basis (see Notes to Financial Statements).

Net income for the three months ended March 31, 1992 was $37,832 based upon total revenues of $218,877 as compared to net income for the three months ended March 31, 1991 of $78,992 based upon total revenues of $366,078. Decrease in total revenues of $147,201 from 1991 to 1992 was due primarily to the elimination of income booked for amortization of advance payments ($102,400 in 1991) (see Notes to Financial Statement) and a reduction of oil and gas sales of $42,238 due largely to lower pricing. Total expenses decreased from $287,086 for 1991 to $181,045 for 1992 primarily as a result of a reduction in depreciation, depletion and amortization ("DDA") of $65,582. The reduction in DDA was largely a result of certain California properties being considered proven in 1992 as compared to 1991 when only a part of these properties were considered proven.

Effects of Oil and Gas Price Fluctuations.

Since 1985 the fluctuations in crude oil prices, particularly the precipitous drop in 1986 of approximately 60% and the fluctuations from July 1990 through May 1992 of more than 100% upward and 50% downward, have significantly affected the Company's operations and the value of its assets. As a result of the instability and volatility of crude oil prices and the surplus of natural gas and current market conditions within the natural gas industry, financial institutions have become more selective in the energy lending area and have reduced the percentage of existing reserves that may qualify for the borrowing base to support energy loans.

The Company's principal source of cash flow is the production and sale of its crude oil and natural gas reserves which are depleting assets. Cash flow from oil and gas production sales depends upon the quantity of production and the price obtained for such production. An increase in prices permits the Company to finance its operations to a greater extent with internally generated funds, may allow the Company to obtain equity financing more easily or on better terms and lessens the difficulty of attracting financing alternatives available to the Company from industry partners and non-industry investors. However, price increases heighten the competition for leases and prospects, increase the costs of exploration and development activities, and because of potential price declines, increase the risks associated with the purchase of producing properties while prices are at higher levels.

A decline in oil and gas prices (i) reduces the cash flow internally generated by the Company which in turn reduces the funds available for servicing debt and exploring for and replacing oil and gas reserves, (ii) increases the difficulty of obtaining equity financing and worsens the terms on which such financing may be obtained, (iii) reduces the number of leases and prospects available to the Company on reasonable economic terms, (iv) may cause the Company to permit Leases to expire based upon the potential oil and gas reserves in relation to the costs of exploration, (v) results in marginally productive oil and gas wells being abandoned as non-commercial wells, and (vi) increases the difficulty of attracting financing alternatives available to the Company from industry partners and non-industry investors. However, price declines reduce the competition for leases and prospects and correspondingly reduce the prices paid for leases and prospects. Furthermore, exploration and production costs generally decline, although the decline may not be at the same rate of decline of oil and gas prices.

Seasonality.

The results of operations of the Company are somewhat seasonal due to seasonal fluctuations in the price for crude oil and natural gas and are subject to a number of factors. In recent years, crude oil prices have been generally higher in the third and forth quarters than in the first and second quarters. Due to these seasonal fluctuations, results of operations for individual quarterly periods may not be indicative of results which may be realized on an annual basis.

Inflation and Changes in Prices.

Inflation principally affects the costs required to drill, complete and operate oil and gas wells. In recent years inflation has had a minimal effect on the Company. In fact, as drilling activity in the oil and gas industry has decreased and technological advances have been made, costs have generally declined. Unless increasing oil and gas prices spur increased industry exploration activities, management believes costs will remain relatively stable over the next year.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K, ETC.

During the quarter ended March 31, 1992 the Registrant filed the following report on Form 8-K, which report is hereby incorporated by reference:

Form 8-K dated February 3, 1992

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMBER RESOURCES COMPANY
(Registrant)

Aleron H. Larson, Jr.
Chairman\C.E.O.

Date: May 28, 1992

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(2) Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession. Not Applicable.

(4) Instruments Defining the Rights of Security Holders, Including Indentures. Not Applicable.

(11) Statement Regarding Computation of Per Share Earnings. Not Applicable.

(15) Letter Regarding Unaudited Interim Information. Not Applicable.

(18) Letter Regarding Changes in Accounting Principals. Not Applicable.

(19) Previously Unfiled Documents. Not Applicable.

(20) Report Furnished to Security Holders. Not Applicable.

(23) Published Report Regarding Matters Submitted to Vote of Security Holders. Not Applicable.

(24) Consents of Experts and Counsel. Not Applicable.

(25) Power of Attorney. Not Applicable.

(28) Additional Exhibits. Not Applicable.

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Form 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 27, 1992

C92-2263

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number 33-46495

JUL 22 1992
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AUTOMOTIVE INDUSTRIES HOLDING, INC /DE/

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**41-1688788** (I.R.S. Employer Identification No.)
4508 IDS Center **Minneapolis, Minnesota** (Address of principal executive offices)	**55402** (Zip Code)

PROCESSED B
13-13-V
JUL 27 1992

(612) 332-6828
(Registrant's telephone number, including area

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Q-Data Corp. - St. Petersburg, FL

L3Q

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ___ No X

The number of shares outstanding of the Registrant's Class A common stock, par value $.01 per share, at July 2, 1992 was 13,747,761 shares.

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ITEM 1 — FINANCIAL INFORMATION

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED

(Amounts in Thousands Except per Share Amounts - Unaudited)

	Pro Forma (Note 2)		Actual	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
Revenues	$75,397	$54,438	$75,397	$54,438
Cost of sales	59,083	43,930	59,083	43,930
Gross profit	16,314	10,508	16,314	10,506
Selling, general and administrative expenses	4,752	2,806	4,752	2,806
Amortization expense	553	510	553	535
Operating income	11,009	7,193	11,009	7,168
Interest expense, net	1,850	1,829	2,458	3,927
Income before income taxes	9,159	5,364	8,551	3,241
Provision for income taxes	3,700	2,277	3,475	1,513
Income before preferred dividends and extraordinary item	5,459	3,087	5,076	1,728
Dividends on Series A 9.5% cumulative redeemable exchangeable preferred stock	-	-	332	610
Income (loss) available to common shareholders before extraordinary item	5,459	3,087	4,744	1,118
Extraordinary item - loss on early extinguishment of debt (Note 2)	-	-	(8,259)	-
Net income (loss) available to common shareholders	$5,459	$3,087	$(3,515)	$1,118
Income (loss) per common and common equivalent share:				
Before extraordinary item	$.35	$.20	$.34	$.12
Extraordinary item	-	-	(.60)	-
Total	$.35	$.20	$(.26)	$.12
Weighted average number of common and common equivalent shares outstanding	15,807	15,770	13,765	9,079

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED

(Amounts in Thousands Except per Share Amounts - Unaudited)

	Pro Forma (Note 2)		Actual	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
Revenues	$135,355	$93,184	$135,356	$93,184
Cost of sales	107,644	75,804	107,644	75,804
Gross profit	27,711	17,380	27,711	17,380
Selling, general and administrative expenses	8,894	5,082	8,894	5,082
Amortization expense	1,106	1,019	1,106	1,069
Operating income	17,712	11,279	17,712	11,229
Interest expense, net	3,552	3,493	5,926	7,815
Income before income taxes	14,160	7,786	11,786	3,414
Provision for income taxes	5,754	3,538	5,025	1,628
Income before preferred dividends and extraordinary item	8,406	4,248	6,761	1,786
Dividends on Series A 9.5% cumulative redeemable exchangeable preferred stock	—	—	988	1,200
Income (loss) available to common shareholders before extraordinary item	8,406	4,248	5,773	586
Extraordinary item - loss on early extinguishment of debt (Note 2)	—	—	(8,259)	—
Net income (loss) available to common shareholders	$8,406	$4,248	$(2,486)	$ 586
Income (loss) per common and common equivalent share:				
Before extraordinary item	$.53	$.27	$.51	$.06
Extraordinary item	—	—	(.72)	—
Total	$.53	$.27	$(.21)	$.06
Weighted average number of common and common equivalent shares outstanding	15,789	15,770	11,422	9,079

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	June 27, 1992 (Unaudited)	December 28, 1991
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 1,284
Accounts receivable	46,419	28,322
Inventories	12,669	12,676
Other current assets	8,550	5,491
Total current assets	67,638	47,773
Property, plant and equipment, net	78,971	79,075
Goodwill and other intangible assets, net	85,091	89,759
	$231,700	$216,607
Liabilities and Shareholders' Investment		
Current liabilities:		
Current maturities of long-term debt	$ 715	$10,670
Accounts payable	20,174	10,603
Accrued liabilities	10,970	10,311
Income taxes payable	-	1,825
Total current liabilities	31,859	33,409
Long-term debt, net of current maturities	81,272	105,298
Deferred income taxes	8,120	8,435
Other noncurrent liabilities	9,500	7,500
Series A 9.5% cumulative redeemable exchangeable preferred stock	-	27,677
Shareholders' investment:		
Preferred stock	-	-
Common stock	144	86
Additional paid-in capital	97,503	28,414
Retained earnings	3,302	5,788
Total shareholders' investment	100,949	34,288
	$231,700	$216,607

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED

(Amounts in Thousands - Unaudited)

	June 27, 1992	June 29, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before preferred dividends and extraordinary item	$6,761	$1,786
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	6,080	5,567
Changes in other operating items	(10,788)	5,022
Net cash provided by operating activities	2,053	12,375
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, net	(2,371)	(6,375)
Acquisitions, net of cash acquired	(5,007)	(2,684)
Net cash used in investing activities	(7,378)	(9,059)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	5,488	-
Repayment of debt	(68,134)	(6,141)
Proceeds from initial public offering, net of underwriting discounts of $5,200 and expenses of $803	69,362	-
Proceeds from exercise of warrants	1,218	-
Conversion premium on preferred stock	(1,433)	-
Extraordinary loss on early extinguishment of debt, net of non cash expenses of $5,799	(2,460)	-
Net cash provided by (used in) financing activities	4,041	(6,141)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,284)	(2,825)
CASH AND CASH EQUIVALENTS:		
Beginning of period	1,284	2,825
End of period	$ -	$ -

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

1. The condensed consolidated financial statements have been prepared by Automotive Industries Holding, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in the condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of such financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these condensed consolidated financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Company's Registration Statement on Form S-1 (Registration No. 33-46495).

   Revenues and operating results for the three months and six months ended June 27, 1992 are not necessarily indicative of the results to be expected for the full year.

   In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Sandard No. 109 Accounting for Income Taxes (SFAS No. 109). Adoption of SFAS 109 will not have a material effect on the Company's financial position or results of operations.

2. In May 1992, the Company completed an initial public offering, including shares issued by the Company pursuant to the underwriters' over-allotment option, (the Offering) of 5,380,784 shares of its Class A Common Stock at $14.00 per share. The Company's board of directors and shareholders approved, immediately prior to the completion of the Offering, a Restated Certificate of Incorporation and a recapitalization, pursuant to which (i) the outstanding shares of the Company's Class A, B, C and D Common Stock were exchanged for 7,359,558 shares in the aggregate of the Company's new Class A Common Stock (out of a total of 30,000,000 shares of Class A Common Stock authorized for issuance under the Restated Certificate of Incorporation) and (ii) the outstanding shares of the Company's Class E Common Stock were exchanged for 638,205 shares of the Company's new Class A Common Stock and 648,000 shares of the Company's new Class B Common Stock (out of a total of 750,000 shares of Class B Common Stock authorized for stock issuance under the Restated Certificate of Incorporation). Immediately after the consummation of the recapitalization and the Offering, the Company had outstanding 13,747,761 shares of Class A Common Stock and 648,000 shares of Class B Common Stock. In connection with the initial public offering, certain holders exercised warrants to acquire 369,216 shares of Class A common stock. Total proceeds to the Company

from the warrant exercise were approximately $1.2 million. As of June 27, 1992 the Company had warrants outstanding which allow the holders to acquire up to 1,793,342 shares of Class A Common Stock at an exercise price of $3.30 per share. The accompanying condensed consolidated financial statements have been retroactively restated to give effect to the recapitalization as if it had occurred at the beginning of the earliest period presented. The Restated Certificate of Incorporation also authorizes 10,000,000 shares of preferred stock.

The net proceeds of the Offering were used to retire the Company's outstanding senior indebtedness. In addition, the Company exchanged its 14% subordinated indebtedness for new 8.75% senior notes due in 2000. The charges associated with the write-off of prior debt issuance costs, the premium associated with the exchange of the subordinated indebtedness and costs associated with the termination of certain interest rate swap arrangements, net of related income tax benefits of $4.9 million have been reflected in the accompanying condensed consolidated statements of operations as an extraordinary item. The Company also entered into a revised Revolving Credit Facility which allows borrowings up to $45 million at an interest rate of libor plus 1% or prime. Borrowings under this facility and the senior notes are unsecured.

In May 1992, the Company converted its Series A 9.5% cumulative redeemable exchangeable preferred stock into 9.5% junior subordinated notes which mature in 2001. The premium associated with the conversion of the Preferred Stock, approximately $1.4 million, was charged against additional paid-in capital.

As of June 27, 1992, long term debt consisted of the following:

Senior Notes	$41,000
Revolving Credit Facility	8,000
Junior Subordinated Notes	28,665
Other, Principally Capital Leases	4,322
	81,987
Less - Current Maturities	(715)
	$81,272

The accompanying pro forma condensed consolidated statements of operations for the three and six months ended June 27, 1992 and June 29, 1991 give effect to the Offering, the recapitalization, the conversion of the Preferred Stock and the retirement of outstanding indebtedness as if they had occurred at the beginning of the periods presented.

In May 1992, the Company's board of directors adopted an employee stock option plan that provides for the issuance of options to acquire up to 790,000 shares of the Company's new Class A Common Stock. The exercise price of the options will be at least 100% of the fair market value of Class A Common Stock at the time of the issuance of the option. In June 1992 the Company granted non-qualified options under this plan to acquire 184,000 shares of Class A Common Stock at an exercise price of $16.875 per share. The options vest ratably over five years and expire in 2002.

3. Inventories, which are valued at the lower of first-in, first-out (FIFO) cost or market, consisted of the following (in thousands):

	June 27, 1992	December 28, 1991
Raw materials	$6,718	$6,541
Work-in-process	1,325	1,377
Finished goods	4,626	4,758
	$12,669	$12,676

4. In February 1992, the Company acquired the operating assets and assumed the liabilities of Plasta Fiber Industries, Inc. (PFI), a manufacturer of automotive sun visors and die cut insulating products. The total cost of the acquisition was approximately $5 million. The results of operations for PFI prior to the acquisition were not material.

5. Supplemental cash flow information:

	Three months ended		Six months ended	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
	(in thousands)			
Cash paid for -				
Interest	$5,489	$4,085	$7,196	$6,329
Income taxes	1,100	100	2,000	100

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Comparison of three months ended June 27, 1992
to three months ended June 29, 1991

Revenues — Revenues for the quarter ended June 27, 1992 totaled $75.4 million compared to $54.4 million for the quarter ended June 29, 1991, an increase of $21 million or 39%. Of this increase, approximately $5.9 million results from acquisitions and the balance relates to new business commencing with the 1992 model year and increased unit production on models which the Company serves. The increase from acquisitions relates to the February 1992 acquisition of Plasta Fiber Industries, Inc.

Cost of Sales — Cost of sales, as percentage of revenues decreased to 78% in the quarter ended June 27, 1992 from 81% during the comparable quarter in 1991. This improvement in gross margins relates directly to the increase in revenues and the Company's continuing programs in productivity improvement and cost containment.

SG & A — Selling, general and administrative costs increased to 6.3% of revenue in the quarter ended June 27, 1992 compared to 5.2% of revenue during the quarter ended June 29, 1991. This growth reflects increases in engineering and administrative costs to support the revenue growth and satisfy customers' increased service requirements.

Interest Expense — Interest expense for the quarter ended June 27, 1992 was approximately $2.5 million or 3% of revenues, a decrease of $1.4 million compared to the same period in 1991. This decrease resulted from the retirement in May 1992 of certain indebtedness with the proceeds from the initial public offering of the Company's Class A common stock.

Comparison of six months ended June 27, 1992
to six months ended June 29, 1991

Revenues — Revenues for the six months ended June 27, 1992 increased 45% to $135.4 million from $93.2 million in the same period in 1991. The acquisitions of the Company's Canadian operations in March 1991 and Plasta Fiber Industries in March 1992, increased 1992 revenues by approximately $13 million. The remaining increase relates to new business commencing with the 1992 model year and to increased unit production on models which the Company serves.

Cost of Sales — Cost of sales decreased to 79.5% of revenues for the six months ended June 27, 1992 compared to 81.4% of revenues for the comparable period in 1991. This improvement is due to the revenue increase and the Company's cost containment and productivity improvement programs.

SG&A — Selling, general and administrative costs increased to 6.6% of revenues for the six months ended June 27, 1992 compared to 5.5% of revenues for the comparable period in 1991. The increase is due to increased engineering and selling costs related to the Company's revenue growth. The 1992 period also includes a charge of $500,000 for the reorganization of the Company's Canadian operations.

Interest Expense — Interest expense for the first six months of 1992 decreased to $5.9 million from $7.8 million for the first half of 1991. The decrease is due to the retirement of certain indebtedness with the proceeds of the initial public offering of the Company's Class A common stock in May 1992.

Liquidity and Capital Resources

In May 1992, the Company completed an initial public offering of 5,380,784 shares of its Class A Common Stock at a price of $14.00 per share. The Company realized proceeds net of issuance costs of approximately $69.4 million from the offering. In addition, the Company realized proceeds of $1.2 million from the exercise of warrants.

The proceeds of the initial public offering were used to retire amounts outstanding under the Company's senior credit facility. The Company entered into a new revolving credit facility which provides up to $45 million of borrowing capacity. The revolving credit facility is unsecured, bears interest at the lenders' prime rate or libor plus 1% and expires in June 1997. As of June 27, 1992 there was $8 million outstanding under the revolving credit facility. During the quarter ended June 27, 1992 the Company also exchanged outstanding subordinated indebtedness for new unsecured senior notes with a face amount of $41 million. The senior notes bear interest at 8.75%, are due in 2000 and require principal repayments of $7.5 million in 1998, $13.5 million in 1999 and $20 million in 2000. In addition, during the quarter ended June 27, 1992, the Company exchanged its Series A 9.5% cumulative redeemable exchangeable preferred stock (Preferred Stock) into junior subordinated notes with a principal amount of $28.7 million. The junior subordinated notes are due 2001 and bear interest at 9.5%.

The costs associated with the write-off of prior debt issue costs, the premium associated with the exchange of the subordinated indebtedness and costs associated with the termination of certain interest rate swap arrangements resulted in an extraordinary loss, net of income taxes, of $8.3 million in the second quarter. In addition, the conversion of the Preferred Stock into the junior subordinated notes required a cash payment of approximately $1.4 million which was charged against additional paid-in capital.

During the six months ended June 27, 1992, the Company generated approximately $12.8 million of cash from operations before the effects of changes in working capital items and $2.1 million of cash from operations after the effects of changes in working capital items. The cash generated from operations along with proceeds of $70.6 million from the initial public offering of common stock and proceeds from the exercise of warrants were used to retire indebtedness of $68.1 million, acquire Plasta Fiber Industries, Inc. for approximately $5 million and fund capital expenditures of $2.4 million.

The Company believes its revolving line of credit (with borrowing availability of $45 million), together with funds generated by operations, will provide the Company with the liquidity and capital resources to pursue its business strategy through 1994, including the funding of working capital, capital expenditures and other needs. The Company generates no material income from investment activities.

Effects of Inflation

Inflation generally affects the Company by increasing the interest expense of floating rate indebtedness and by increasing the cost of labor, equipment and raw materials. Management does not believe that inflation has had any material effect on the Company's business over the past three years.

PART II. OTHER INFORMATION

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

Item 1. Legal Proceedings:

None

Item 2. Change in Securities:

None

Item 3. Defaults Upon Senior Securities:

None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information:

None

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits:

None

(b) No Form 8-K's were filed during the quarter ended June 27, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOMOTIVE INDUSTRIES HOLDING, INC.

Date: July 21, 1992

By______________________________
Scott D. Rued
Vice President, Chief Financial Officer
(principal accounting and financial officer)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Dcn: 22603

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission file number 0-12979

Bank of Gonzales Holding Company, Inc.
(Exact name of registrant as specified in its charter)

Louisiana	72-0124910
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. Box 1089, Gonzales, LA	70707-1089
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (504) 647-7571

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ( )

The number of shares of each class of the Registrant's Common Stock outstanding as of March 31, 1992 was:

Class of Common Stock	No. of Shares Outstanding
Common Stock, No Par Value	440,000

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BANK OF GONZALES HOLDING COMPANY, INC.

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CONSOLIDATED BALANCE SHEETS

BANK OF GONZALES HOLDING COMPANY, INC. AND SUBSIDIARY

	(Unaudited) March 31, 1992	December 31, 1991
	(In thousands of dollars)	
ASSETS		
Cash and due from banks	$ 2,939	$ 3,357
Federal funds sold	7,188	5,981
CASH AND CASH EQUIVALENTS	10,127	9,338
Interest-bearing deposits in other banks	1,264	1,251
Investment securities (approximate market value of $30,752 at March 31, 1992 and $24,698 at December 31, 1991)	31,187	24,695
Loans	57,776	57,687
Less: Unearned income	(930)	(1,033)
Allowance for possible loan losses	(2,003)	(1,977)
NET LOANS	54,843	54,677
Bank premises and equipment, net	3,066	3,119
Other real estate	2,892	3,269
Accrued interest receivable	533	553
Other assets	351	634
TOTAL ASSETS	$104,263	$ 97,536
LIABILITIES		
Deposits		
Noninterest-bearing	$ 17,510	$ 16,808
Interest-bearing	81,848	76,391
TOTAL DEPOSITS	99,358	93,199
Accrued interest payable	225	228
Other liabilities	526	496
TOTAL LIABILITIES	100,109	93,923
SHAREHOLDERS' EQUITY		
Common stock, no par value - 10,000,000 shares authorized, 440,000 shares issued and outstanding at March 31, 1992 and December 31, 1991	12,400	12,400
Retained earnings (deficit)	(8,246)	(8,594)
Treasury stock, at cost (0 and 5,341 shares at March 31, 1992 and December 31, 1991, respectively)	-	(193)
TOTAL SHAREHOLDERS' EQUITY	4,154	3,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$104,263	$ 97,536

CONSOLIDATED STATEMENTS OF OPERATIONS - (Unaudited)

BANK OF GONZALES HOLDING COMPANY, INC. AND SUBSIDIARY

	Three Months Ended March 31, 1992	1991
	(In thousands of dollars, except per share data)	
Interest income		
Loans, including fees	$1,465	$1,745
Investment securities		
Taxable	411	237
Tax-exempt	74	127
Federal funds sold	67	98
Other	17	11
TOTAL INTEREST INCOME	2,034	2,218
Interest expense		
Deposits	886	1,232
Mortgage payable	-	8
Other	1	2
TOTAL INTEREST EXPENSE	887	1,242
NET INTEREST INCOME	1,147	976
Provision for possible loan losses	60	175
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	1,087	801
Other income		
Service charges on deposit accounts	236	219
Other service charges and fees	25	24
Investment securities gains	7	4
Other	21	26
TOTAL OTHER INCOME	289	273
Other expense		
Salaries and employee benefits	416	512
Net occupancy expense	93	98
Equipment expense	96	90
Net cost (income) from operation of other real estate	12	(7)
Other	246	217
TOTAL OTHER EXPENSE	863	910
Income before income taxes	513	164
Applicable federal income tax	-	-
NET INCOME	$ 513	$ 164
Net income per common share--based on weighted average number of shares outstanding (439,198 in 1992 and 435,138 in 1991)	$ 1.17	$ 0.38

CONSOLIDATED STATEMENTS OF CASH FLOWS - (Unaudited)

BANK OF GONZALES HOLDING COMPANY, INC. AND SUBSIDIARY

	Three Months Ended March 31,	
	1992	1991
	(In thousands of dollars)	
Cash flows from operating activities:		
Net income	$ 513	$ 164
Adjustments to reconcile net income to net cash provided by operating activities -		
Provision for possible loan losses	60	175
Provision for real estate losses	52	9
Depreciation and amortization	85	81
Net amortization (accretion) of investment securities	4	(21)
(Gain) on sales of investment securities	(7)	(4)
(Gain) on sales of other real estate	(34)	(8)
Interest recognized on restructured loans	(20)	(15)
Amortization of discounts on loans	(33)	(15)
(Gain) loss on sales of fixed assets	1	(1)
Decrease in interest receivable	20	77
Decrease in other assets	278	40
Decrease in interest payable	(3)	(8)
Increase in other liabilities	25	63
Net cash provided by operating activities	941	537
Cash flows from investing activities:		
Maturities of interest bearing deposits	383	297
Purchase of interest bearing deposits	(396)	(495)
Proceeds from sales of investment securities	3,791	8,357
Proceeds from maturities of investment securities	3,750	128
Purchase of investment securities	(14,030)	(10,632)
Proceeds from sales of other real estate	180	16
Decrease in loans	6	2,137
Collections on other real estate sales contracts	5	1
Proceeds from sales of equipment	-	1
Purchase of premises and equipment	(28)	(20)
Net cash (used) by investing activities	(6,339)	(210)
Cash flows from financing activities:		
Increase (decrease) in deposits	6,159	(2,289)
Sales of treasury stock	28	-
Repayment of notes payable	-	(18)
Net cash provided (used) by financing activities	6,187	(2,307)
Net increase (decrease) in cash and cash equivalents	789	(1,980)
Cash and cash equivalents, beginning of year	9,338	9,828
Cash and cash equivalents, end of quarter	$10,127	$ 7,848
Cash paid for income taxes	$ -	$ -
Cash paid for interest expenses	$ 890	$ 1,250
Other real estate acquired in satisfaction of loans	$ 190	$ 58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited)

BANK OF GONZALES HOLDING COMPANY, INC. AND SUBSIDIARY

(1) The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The December 31, 1991 balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. The interim financial statements and notes thereto should be read in conjunction with the financial statements and notes included in the Company's latest annual report on Form 10-K. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for interim periods. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full year ended December 31, 1992.

(2) On March 26, 1992, the Company's shareholders approved changing the $10 per share par value of the common stock to true no par value common stock. Amounts previously reported as "Common Stock" of $4,400,000 and "Surplus" of $8,000,000 are now included in the consolidated balance sheets in the caption "Common Stock".

(3) The Bank is a defendant in a lawsuit involving payment of a cashier's check with an allegedly forged endorsement. The Bank's attorney has advised management that an unfavorable outcome is likely. In connection with this suit, a liability of $45,000 has been recorded and charged to operations in the financial statements for 1991. No change has occurred since December 31, 1991 in the status of this contingency.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For a comprehensive review of financial condition and results of operations of Bank of Gonzales Holding Company, Inc. (the Company), this discussion and analysis should be reviewed along with the information and financial statements presented elsewhere in this report. The Company is a one-bank holding company whose sole subsidiary is Bank of Gonzales (the Bank).

FINANCIAL CONDITION

The Company's total assets increased during the first quarter of 1992 from $97,536,000 to $104,263,000, a $6,727,000 or 6.9% increase caused primarily by new deposits received by the Bank after the closing of local branches of a failed savings and loan institution. The majority of these funds were used to purchase investment securities which increased from $24,695,000 at December 31, 1991 to $31,187,000 at March 31, 1992, a $6,492,000 or 26.3% increase. Deposits at March 31, 1992 were $99,358,000, a $6,159,000 increase since year-end 1991.

Nonaccrual loans, which are loans on which interest recognition has been suspended until received because of doubts as to the borrowers' ability to repay principal or interest, were $753,000 at March 31, 1992 as compared to $626,000 at December 31, 1991. Problem loans are loans for which payments are presently current, but the borrowers are experiencing financial difficulties. Loans classified as problem loans totaled $6.7 million at March 31, 1992 as compared to $6.8 million at December 31, 1991. At March 31, 1992, nonaccrual, past due, and other loans to related parties who are experiencing financial difficulties totaled $96,000 compared to $246,000 at December 31, 1991.

The allowance for possible loan losses was $2.0 million at March 31, 1992 and December 31, 1991. This slight change is the result of provisioning $60,000 during the first quarter of 1992, offset by net loan charge-offs of $34,000. It is management's opinion that the allowance for possible loan losses at March 31, 1992 is adequate.

Investment securities are a repository for funds in excess of those needed fo loan demand and deposit withdrawal and is adjusted as required. The difference between the book value and market value of investment securities represents the gain or loss the Company would incur if the securities were sold at that point in time. As of March 31, 1992, the Company's unrealized loss in investment securities is approximately $435,000, which consists of $214,000 in unrealized gains and $649,000 in unrealized losses. Gains realized in the quarter ended March 31, 1992 on sales proceeds of $3,791,000 were $7,000, which consists of $27,000 in realized gains and $20,000 in realized losses. Management expects the Company to hold the investment securities until maturity, at which time no gain or loss will be incurred. Investment securities increased $6.5 million or 26.3% during the three months ended March 31, 1992, due mainly to the Bank investing deposits received from former customers of a failed savings and loan.

As the Company's primary source of funds, aggregate deposits increased $6.2 million or 6.6% during the first three months of 1992. Noninterest-bearing deposits increased $702,000 or 4.2%, while interest-bearing deposits increased $5.5 million or 7.1%. For 1992, management expects the average level of deposits to be higher than the 1991 average of $93.2 million.

RESULTS OF OPERATIONS

The Company reported a net income of $513,000 or $1.17 per average share outstanding for the first three months of 1992, as compared to $164,000 or $0.38 per average share for the same time period in 1991, a $349,000 increase. This increase is attributed to improvements in these areas: (1) an increase in net interest income, (2) a decrease in the provision for possible loan losses, and (3) a decrease in salaries and employee benefits.

Net interest income is the Company's principal source of revenue and is measured by the difference between interest income earned on loans and investments and interest expense incurred on deposits and borrowings. The Company's net interest income for the first three months of 1992 increased by $171,000 as compared to the same period in 1991. This increase was caused by a drop in interest rates during the last half of 1991 coupled with the Bank being in a liability sensitive position within a one year time frame. Because of the liability sensitive gap, the Bank was able to reprice more of its interest-bearing liabilities sooner than its interest-earning assets.

The provision for loan losses which is charged to operations is based on the amount of the loan portfolio, the amount of net loan losses incurred, and management's estimation of potential future loan losses based on several factors including, but not limited to, current economic conditions, loan portfolio composition, nonaccrual loans, problem loans and prior loan loss experience. For the first quarter of 1992, the provision for loan losses was $60,000, compared to $175,000 for the same period in 1991. The allowance for possible loan losses at March 31, 1992 is 3.52% of total loans compared to 3.49% at December 31, 1991. Management will continue to provide an amount necessary to maintain the allowance for possible loan losses at a level considered adequate.

Noninterest income, which consists of service charges and fees on financial services and gains on investment securities, was $289,000 for the first three months of 1992, as compared to $273,000 for the same period in 1991. This increase is attributed to the increase in service charges on deposit accounts during the first quarter of 1992 of $17,000 as compared to the first quarter of 1991.

Noninterest expense for the first three months of 1992 decreased by $47,000 as compared to the same period in 1991. Salaries and employee benefits, the largest component of noninterest expense, decreased $96,000 for the first three months of 1992 as compared to 1991. This decrease is the result of continuing staff reductions in an attempt to reduce salary expense. All other noninterest expenses increased by $49,000 in the first quarter of 1992 as compared to the same period in 1991.

LIQUIDITY

The primary functions of asset/liability management are to assure adequate liquidity and maintain an appropriate balance between interest-earning assets and interest-bearing liabilities. Liquidity management involves the ability to meet cash flow requirements of customers who may be either depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. The principal source of asset liquidity is marketable investment securities, particularly those with shorter maturities. Securities maturing in one year or less amounted to $1.3 million at March 31, 1992, representing 4.1% of the investment securities portfolio as compared to $4.7 million or 19.1% of the investment securities portfolio at December 31, 1991.

CAPITAL RESOURCES

Primary capital (shareholders' equity plus allowance for possible loan losses) as a percent of total assets plus allowance fo possible loan losses is one of the standard measures of capital adequacy used by bank regulators. The Company's primary capital-to-assets ratio increased from 5.62% at December 31, 1991 to 5.79% at March 31, 1992 as a result of net income of $513,000 for the first quarter of 1992, and sales of treasury stock for $28,000. The treasury stock was carried at a cost of $193,000 at December 31, 1991, and the sales resulted in retained earnings being charged during the first quarter of 1992 for $165,000.

In December 1986, the Board of Directors of the Bank consented to the issuance of an Order to Cease and Desist (the Order) issued by the Federal Deposit Insurance Corporation (FDIC), effective March 2, 1987. The significant provisions of the Order were discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

At March 31, 1992, management of the Bank reports that it is in compliance with twelve of the fourteen provisions of the Order. The Company is in the FDIC's Capital Forbearance Program and a modification of the Order has placed the capital adequacy portion in abeyance as long as the capital forbearance participation continues.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Bank and Crawford A. Bishop, its former President, were named as defendants in a suit filed on October 3, 1978 in the 19th Judicial District Court, Parish of East Baton Rouge by Stevens Meat Company, Inc., a loan customer of the Bank, and certain of its affiliates. The plaintiffs allege breaches of fiduciary duties by the defendants in connection with defendants' acquisition of control and thereafter their conduct of the business and affairs of plaintiffs resulting in damages of $10,750,000. Some discovery and settlement negotiations have been conducted; however, this suit has remained dormant since 1987. Management believes that the outcome of this suit will have no material adverse effect upon its financial position.

The Bank is a defendant in a lawsuit involving payment of a cashier's check with an allegedly forged endorsement. The Bank's attorney has advised management that an unfavorable outcome is likely. In connection with this suit, a liability of $45,000 has been recorded and charged to operations in the financial statements for 1991.

Other legal proceedings involving the Bank are limited to proceedings arising from normal business activities, none of which are considered material.

Item 2. Changes in the Rights of the Company's Security Holders

On March 26, 1992, the Company's shareholders voted to amend the Articles of Incorporation to: (1) increase the authorized common shares to 10,000,000 and remove the par value, (2) authorize 10,000,000 shares of preferred stock, (3) create three classes of directors with staggered expiring terms, (4) require 75% or more common stockholder approval to remove any or all directors or to alter the classes of directors, (5) require two-thirds or more common stockholder approval to merge, dissolve, or sell substantially all of the Company's assets, (6) require a majority of shareholders to call a special meeting of shareholders, and (7) other miscellaneous provisions (see Exhibit 4).

Item 4. Submission of Matters to a Vote of Security Holders

Pursuant to a notice of meeting mailed March 10, 1992 accompanied by a proxy statement, the annual meeting of shareholders was held on March 26, 1992. Proxies for the annual meeting were solicited pursuant to Regulation 14A. There was no solicitation in opposition to management's nominees for the Board of Directors as listed in the Proxy Statement. All of the following nominees were duly nominated:

John P. Casey, Jr.
E. D. Dixon
D. Dale Gaudet
Roy Marchand, Jr.
C. Penrose St. Amant
Audrey B. Waggenspack
Chester J. Diez
Phillip A. Lewis, Jr.
Matthew G. McKay
Clifford J. Neese
Gayle P. Robert
Cynthia S. Stafford

The above named were elected as directors to serve until their successors are named and qualified.

In addition, at the March 26, 1992 annual meeting, the shareholders voted to amend the Company's Articles of Incorporation, with 338,997 shares voting for, 45,101 shares voting against, and 55,902 shares abstaining (see Item 2. and Exhibit 4).

No other matters were submitted to the shareholders for their consideration or vote at the annual meeting.

Item 6. Exhibits and Reports on Form 8-K

(a) Part II Exhibits:
Exhibit 4. Amended Articles of Incorporation.

(b) The Company has not filed any reports on Form 8-K during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BANK OF GONZALES HOLDING COMPANY, INC.

S/ D. Dale Gaudet
D. Dale Gaudet, President

Date 5/13/92

S/ Rachel P. Cherco
Rachel P. Cherco, Controller

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of
the Security Exchange Act of 1934

For Quarter Ended 03/31/92 Commission File Number 0-17643

BELLATRIX INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

65-0012725
(IRS Employer Identification No.)

4055 Wilshire Blvd., Suite #415, Los Angeles, CA
(Address of principal executive offices)

90010
(zip code)

(213) 736-5600
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year, (if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

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Yes X No_____

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN
PROCEEDINGS DURING THE PRECEDING FIVE

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes_____ No_____ Not Applicable

APPLICABLE ONLY TO CORPORATE REGISTRANTS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 43,124,623 Shares (as of June 1, 1992).

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BELLATRIX INTERNATIONAL, INC.

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March 31, 1992 - Not Reviewed and Unaudited
March 31, 1991 - Reviewed

Statement of Stockholders' Equity
March 31, 1992 - Not Reviewed and Unaudited
March 31, 1991 - Reviewed

Statement of Operations
March 31, 1992 - Not Reviewed and Unaudited
March 31, 1991 - Reviewed

Statement of Cash Flows
March 31, 1992 - Not Reviewed and Unaudited
March 31, 1991 - Reviewed

Notes to Financial Statements

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

PART II: OTHER INFORMATION

ITEM 1: Legal Proceedings

ITEM 2: Changes in Securities

ITEM 3: Defaults Upon Senior Securities

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ITEM 5: Other Information

ITEM 6: Exhibits and Reports on Form 8-K

SIGNATURES

CONSOLIDATED FINANCIAL STATEMENTS

BELLATRIX INTERNATIONAL, INC

A Delaware Corporation

Consolidated Statement of Financial Condition

As of

	March 31, 1992	March 31, 1991
ASSETS		
Current Assets		
Cash and Cash Equivalents (at cost)	$ 86,701*	$ 86,099
Accounts Receivable (Note A,B)	5,519	42,769
Other Current Assets (Note A,C)	5,913	5,140
Total Current Assets	98,133	134,008
Property and Equipment (Note A,D)	11,777	17,218
Organization Costs	62	110
Deposits	37,490**	35,067
Officer Loan Receivable (Note E)	185,986	211,056
Prepaid Rent	NONE	1,020
Total Assets	$333,448	$398,479

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* Except for $1,966 of this amount, the entire balance is invested in Fidelity Investments' Spartan High Income Mutual Fund, whose market value on March 27, 1992 was $104,551. This entire balance was sold on July 13, 1992 for $109,924, which will result in a third quarter nonrecurring gain of approximately $20,000.

** $32,423 of this amount is a deposit for possible costs in the event the Company loses the Baron lawsuit referred to on Item 3. Legal Proceedings.

The Accompanying Notes are an Integral Part of These Financial Statements

BELLATRIX INTERNATIONAL, INC
A Delaware Corporation
Consolidated Statement of Financial Condition
As of

	March 31, 1992	March 31, 1991
LIABILITIES		
Current Liabilities		
Accounts Payable (Notes A,F & G)	$ 3,908	$ 35,308
Accrued Liabilities (Officers Salaries & Benefit Contributions Payable)	14,563*	4,384
Other Current Liabilities	2,750	838
Total Current Liabilities	21,221	40,530
Long Term Liabilities	NONE	NONE
Total Liabilities	21,221	40,530
STOCKHOLDERS' EQUITY		
Common Stock $.00001 Par Value, 200,000,000 Shares Authorized; Issued and Outstanding 43,125,000 Shares;	431	431
Paid-in Capital in Excess of Par Value	1,165,752	1,165,752
Retained Earnings	(853,956)	(808,234)
Total Stockholders' Equity	312,227	357,949
Total Liabilities and Stockholders' Equity	$333,448	$398,479

* Contributions payable under the Company's Defined Benefit Pension Plan. No Contribution has been included for the first quarter of 1992 because it is not anticipated that any employee of the Company will reiceive any cash compensation in 1992.

The Accompanying Notes are an Integral Part of These Financial Statements

BELLATRIX INTERNATIONAL, INC
A Delaware Corporation
Consolidated Statement of Stockholders' Equity
As of

	March 31, 1992	March 31, 1991
CAPITAL STOCK		
Balance at Beginning of Period	$ 431	$ 431
New Issues During the Period	NONE	NONE
Balance at The End of The Period	431	431
CAPITAL SURPLUS		
Balance at Beginning of Period	1,165,752	1,165,752
Proceeds from Common Stock Sales	NONE	NONE
Balance at The End of The Period	1,165,752	1,165,752
RETAINED EARNINGS		
Balance at Beginning of Period	(847,009)	(791,785)
Prior Period Adjustment (Note J)	(0)	(76)
Net Loss For The Period	(6,947)	(16,373)
Balance at The End of The Period	(853,956)	(808,234)
TOTAL STOCKHOLDERS' EQUITY	$312,227	$357,949

The Accompanying Notes are an Integral Part of These Financial Statements

BELLATRIX INTERNATIONAL, INC
A Delaware Corporation
Consolidated Statement of Financial Operations
As of

	March 31, 1992	March 31, 1991
OPERATING REVENUES (NOTE A)		
Gross Revenues	$ 3,291	$ 21,997
Cost of Revenues	125	16,670
Net Operating Revenues	3,166	5,327
EXPENSES		
Selling Expenses }		1,987
General and Administrative Expenses }	19,018	34,703
Total Expenses	19,018	36,690
Net Loss From Operations	(15,852)	(31,363)
OTHER INCOME AND EXPENSES		
Other Income (interest income & sublet office space income)	10,477	19,489
Other Expenses	1,372	3,674
NET LOSS BEFORE INCOME TAXES	(6,747)	(15,548)
INCOME TAXES (Note H,J)	200	825
NET LOSS AFTER INCOME TAXES	$ (6,947)	$ (16,373)
NET LOSS PER SHARE	(.0002)	(.0004)

The Accompanying Notes are an Integral Part of These Financial Statements

BELLATRIX INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF

	March 31, 1992	March 31, 1991
Cash Flows From Operations		
Net Loss From Operations (and $76 prior period adjustment in 1st. quarter of 1991)	(6,947)	(16,418)
Noncash Items Included In Net Loss		
Amortization	12	13
Allowance For Bad Debts	0	0
Officer's Salary Waived & Applied to Reduce Interest Receivable	15,255	662
Depreciation	1,360	1,359
Interest Income From Officer	(5,650)	(11,056)
State Income Taxes	0	825
Total Noncash Items	10,977	(8,197)
(Increase)/Decrease In Current Assets and Liabilities:		
Accounts Receivable	(444)	98,874
Deposits	(527)	(32,040)
Other Current Assets	(887)	803
Organization Costs	0	0
Prepaid Rent	0	(1,020)
Accounts Payable	566	(142,356)
Other Liabilities	(50)	(2,531)
Net Change In Current Assets and Liabilities	(1,342)	(78,270)
Total Adjustment To Income	9,635	86,467
Net Cash Provided by Operating Activities	2,688	(102,885)
Cash Flows From Investing Activities		
Purchase Of Property & Equipment	0	0
Sales of Property & Equipment	0	0
Officer Paid Off Loan	0	18,228
Loan To Officer	0	(200,000)
Total Cash Flows From Investing Activities	0	(181,772)

The Accompanying Notes are an Integral Part of These Financial Statements

BELLATRIX INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF

	March 31, 1992	March 31, 1991
Cash Flows from Financing Activities		
Payments on Loan Payable	0	0
Proceeds From Note Payable	0	0
Proceeds From Sale of Common Stock	0	0
Total Cash Flows From Financing Activities	0	0
Net Decrease In Cash	2,688	(284,657)
Cash At The Beginning Of The Period	84,013	370,756
Cash At The End Of The Period	86,701	86,099

The Accompanying Notes are an Integral Part of These Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BELLATRIX INTERNATIONAL, INC.
A Delaware Corporation
Notes To Consolidated Financial Statements
As of March 31, 1992

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying financial statements consolidate the accounts of Bellatrix International, Inc. (the Company) and its wholly-owned inactive and insolvent subsidiary, Bellatrix Communications, Inc. Intercompany accounts and transactions have been eliminated.

Operations: The Company is primarily engaged as a broker for "900" telephone numbers to various types of businesses. "900" telephone numbers are special numbers with a "900" prefix. Those who call these numbers are charged a premium for the special services that are provided by the Company's clients. This premium is then split up between the telephone company, the Company's vendor (who provides special computer equipment and software to handle the telephone calls) the Company and its clients.

Accounts Receivable and Payable: The agreements between the Company's clients and its vendors are such that any and all profits earned by the clients plus the Company's commissions flows through first the telephone company, then through the Company's vendors, then through the Company which forwards the funds (less their commission) to the clients. Thus the accounts receivable are funds owed the Company from the vendors and the accounts payable are funds due to the clients.

Holdbacks: From time to time, the customers of the Company's clients will dispute a "900" telephone call with the local telephone company. This will result in the vendor being charged for the reversal of the telephone charge. As a normal course of business, the vendor sometimes holds a portion of all funds collected from the telephone company. The total amount of the hold backs are included in accounts receivables and accounts payables.

Allowance for Bad Debts: An allowance for losses is established when it is estimated that a receivable will not be collected or when litigation is imminent.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using various declining balance methods based on the estimated useful lives of the various classes of assets.

Per Share Computations: Per share computations are based upon the weighted average number of shares of Capital Stock outstanding during the year.

Estimates of Sales, Cost of Sales, Accounts Receivable, and Accounts Payable: Typically the Company does not receive the actual figures for revenue generated and actual cost of sales for the last one or two months of the reporting period in sufficient time to report actual sales, actual cost of sales, and the resultant actual account receivables and payables. Therefore, the Company estimates these amounts based upon the monthly call counts provided by the Company's vendor.

BELLATRIX INTERNATIONAL, INC.
A Delaware Corporation
Notes To Consolidated Financial Statements
As of

NOTE B: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	March 31, 1992	March 31, 1991
Total Due	$ 59,261	$131,513
Less: Allowance For Doubtful Accounts	53,742	88,744
Net Accounts Receivable	5,519	$ 42,769
Total Holdbacks* (Note A)	$ -----	$ 30,676
Amount Currently Due At End Of Period	5,519	12,093
Net Accounts Receivable	5,519	$ 42,769

NOTE C: OTHER CURRENT ASSETS

Other current assets consist of the following:

	March 31, 1992	March 31, 1991
Corporate Fee Refund Receivable	$ 3,510	$ 3,640
Investment in "900"	1,500	1,500
Other Investments - Fidelity USA Int. Rec.	903	NONE
Total Current Assets	$ 5,913	$ 5,140

NOTE D: PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	March 31, 1992	March 31, 1991
Furniture and Equipment	$ 23,438	$ 23,438
Office Equipment	6,349	6,349
	29,787	29,787
Accumulated Depreciation	18,010	12,569
Net Property and Equipment	$ 11,777	$ 17,218

---

* Telesphere, Inc., which presumably owes this reserve to the Company's customers has filed a Chapter 11 Petition, and since the Company does not expect to recove

this reserve, it was written off in late 1991. In any event, since this reserve belongs to the Company's customers (see Note F), there is no effect on the financial position of the Company.

NOTE E: RELATED PARTY TRANSACTIONS

On April 10, 1989, the Company extended credit to the former President, Ivan Kerzner, in the amount of $15,000. The loan which was due upon demand accrued interest on the outstanding balance at a rate of twelve percent (12%) per year. The loan plus accrued interest was paid in full in 1991 as part of a sale of the officer's stock in the company.

On January 7, 1991, the new President and majority stock owner received a loan from the Company for $200,000 at twenty four percent (24%) payable on demand after February 7, 1991. As of July 1, 1991, the loan bears interest at twelve percent (12%) per year. The loan is secured by 100% of both of officer's closely held corporations , and 78% of the Company's stock. The President has waived any salary from May, 1991 until the balance of loan is reduced to $100,000.

The Loans consisted of the following:

	March 31, 1992	March 31, 1991
Loan Receivable - Officer	$200,000	$200,000
Less Credit for Deemed Repayment of Interest and Principal	14,014	11,056
Total	$185,986	$211,056

NOTE F: ACCOUNTS PAYABLE

Accounts payable consists of the following:

	March 31, 1992	March 31, 1991
Clients Fees Due	$ 1,750	$ 4,632
Holdbacks Due (Note A)	-----	30,676
Miscellaneous Payables	3,908	0
Net Due	$ 5,658	$ 35,308

BELLATRIX INTERNATIONAL, INC.
A Delaware Corporation
Notes To Consolidated Financial Statements
As of March 31, 1992

NOTE G: COMMITMENTS AND CONTINGENCIES

The Company has entered into two lease agreements for office space as follows:

Los Angeles, California: The lease was entered into on December 26, 1990 coverin a five year term commencing on January 15, 1991 and ending on December 31, 199 for the Company's principal office. The minimum annual rental is $12.240 for 199 and then adjusted yearly to reflect increases in the Consumer Price Index in the Urban Los Angeles/Long Beach/Anaheim Metropolitan Area.

Littleton, Colorado: The lease was entered into in 1989 covering a three yea term commencing on April 5, 1989 and ending on April 4, 1992. The Company subsequently entered into a sublease agreement on January 2, 1990 covering the same term as the original lease. The minimum annual rental (see below) is pai directly by the Sub-Tenant to the Landlord. The lease payments and related sub-lease income has not been recorded in the books of the Company. The Company ha received in May, 1992 a refund of its security deposit of approximately $3,027.

The minimum annual rentals are as follows:

	Los Angeles	Colorado
1992	$ 12,240	$ 8,269
1993	12,240	0
1994	12,240	0
1995	12,240	0
	$ 48,960	$ 8,269

NOTE H: INCOME TAXES

Federal Income Tax: The Company has generated net operating losses for financial and tax reporting purposes since inception on July 23, 1987. As of December 31, 1991, approximately $844,000 in net operating loss carryforwards are available t offset future taxable income. $544,000 expires in 2004, $245,000 in 2005, and $55,000 in 2006.

State Income Tax: $825 was accrued and $76 was paid during the first quarter o 1991. $800 was accrued during the fourth quarter of 1991, and an additional $20 was accrued during the first quarter of 1992.

NOTE I: MAJORITY STOCK OWNERSHIP

In 1990, one individual acquired 66.7% ownership in the Company and is now actin as President. He now owns about 79.2% of the Company.

BELLATRIX INTERNATIONAL, INC.
A Delaware Corporation
Notes To Consolidated Financial Statements
As of March 31, 1992

NOTE J: PRIOR PERIOD ADJUSTMENT

A State Income Tax accrual of $76 was not booked until the first quarter of 1991.

ITEM 2:
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of certain significant factors which have affected the company's financial position and operating results during the periods included in the accompanying consolidated financial statement.

The Quarter Ended March 31, 1992

The Company continued to sustain losses for the calendar quarter ended March 31, 1992, namely ($6,947), primarily due to a continued very dramatic decline of approximately 85% in sales volume (from $21,997 in the first quarter of 1991 to $3,291 in the first quarter of 1992) because of the loss of one of the Company's major customers. However, the loss for the first quarter of 1992 is an improvement over the first quarter of 1991. The first quarter 1992 loss is almost a 58% percent decrease from the 1991 first quarter loss of ($16,373). This decrease in the amount of the net loss is primarily the result of Management's continuing efforts to reduce overhead, and other costs.

The January 7, 1991 $200,000 loan to Men's Care Products, Inc. accrued interest monthly at 24 percent per annum, through June 30, 1991. Effective July 1, 1991 David L. Kahn, the sole director of the Company, reduced the interest rate of the Company to twelve percent per annum because the demand loan continued for many months, and therefore does not justify such a high rate of interest. The loan is due upon demand, is guaranteed by David L. Kahn, and is secured by all of the assets of David 1. Kahn (including his 79 percent ownership of the Company, 100 percent ownership of M.C. Products, Inc., and 100 percent ownership of Men's Products and Services Corporation). The loan is expected to benefit the Company by using idle cash to increase interest income.

The Company had been informed that its sole remaining customer intended to discontinue after June, 1991 its 900 programs, which would have resulted in interest income (and the income from one customer running a program through December, 1991) being the only revenue of the Company. However, that customer instead of discontinuing its 900 program in June, 1991 continued to operate on a very small scale through most of November, 1991, when it notified the Company to terminate its programs. In late November, 1991 the Company obtained another customer whose "800" program operated in late November, 1991 through early February, 1992. In early 1992 the Company acquired a couple of other customers, one of whose program operated for only a few months. As of early July, 1992 the Company started up "900" programs for one customer, who is a reseller of the Company's services, and who has, in turn, generated at least five or six very small programs for the Company, which should "run" at least three or four months. The Company also anticipates starting up another 900 program for another customer.

On August 22, 1991 M.C. Products, Inc. filed a Chapter 11 Petition seeking a reorganization. As of March 31, 1992 M.C. Products, Inc. owes the Company approximately $185,986 including interest (computed after the credits described hereinafter). The Company does not anticipate any loss because the loan is guaranteed by David L. Kahn, and is secured by all of his assets (including his 79 percent ownership of the Company, 100 percent ownership of Men's Products and Services Corporation, 100 percent ownership of Gifts and Products, Inc., and 100 percent ownership of M.C. Products, Inc.) In addition, it is anticipated that there will be a successful reorganization of M.C. Products, Inc. Also, since May, 1991 David L. Kahn has waived his $54,000 annual salary in consideration of the Company crediting such amounts (plus 13% for estimated payroll taxes and fringe costs) every other week towards interest, and then to principal of the M.C. Products loan. He has agreed to continue to waive his salary in consideration of the Company crediting such amounts toward the interest on the loan and then to the principal until the loan is reduced to a principal balance of $100,000.

PART II
OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

Lawsuits and Counter Claims:

Collection litigation has been commenced against Philip Baron, a/k/a/ Philip Bunin, and his Company, Information Providers of Nevada to recover at least $53,742 of net monies advanced to him, plus applicable interest. He has filed a counterclaim against the Registrant for $90,000, which the Registrant's management believes is meritless. This lawsuit had been scheduled for trial in early June 1992, but has been postponed at the Defendants' request.

While management believes that the outcome of the Baron suit will be successful, the ability to collect, if successful, is not clear. Overall collection success of this claim may be questionable, and therefore it has been fully reserved in an allowance for doubtful accounts.

One collection suit has been instituted for $11,144.86 against Direct Promotions, and several others have been turned over to attorneys for collection, (one for $5,103.91 against Infoline Technology and another for $4,850.57 against Genesis Marketing Inc.). An oral settlement agreement in principal has been apparently reached whereby Infoline Technology will provide the Registrant with several thousand dollars of service bureau services. Likewise, a written settlement has been reached whereby Genesis will pay Registrant $4,850.57 over the course of about 10 months.

The Company has received a lawyer's letter threatening a lawsuit against the Company's insolvent and inactive subsidiary Bellatrix Communications, Inc. for $87,168. The Company believes that the subsidiary which has no assets, and owes the Company several hundred thousand dollars, has a meritorious defense to such action.

ITEM 2: CHANGES IN SECURITIES

NONE

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

PART II
OTHER INFORMATION - Continued

ITEM 5: OTHER INFORMATION

Resignations and Discharges from the Board of Directors

NONE

Elections to the Board of Directors

NONE

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

The Company's May 29, 1992 8-K Report is hereby incorporated by reference.

BELLATRIX INTERNATIONAL, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BELLATRIX INTERNATIONAL, INC.

David L. Kahn

by: DAVID L. KAHN, Chief Executive
Officer, President, and

Director

Dated: July 17, 1992

David L. Kahn

by: DAVID L. KAHN, Principal
Financial and Accounting
Officer, and Secretary

Dated: July 17, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(X) QUARTERLY REPORT UNDER SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

For Quarter Ended June 30, 1992 Commission File #0-12851

BKLA BANCORP

(Exact name of registrant as specified in its charter)

California	95-3840703
(State or other jurisdiction of)	(IRS Employer Identification)

8901 Santa Monica Blvd., Los Angeles California 90069
(Address of principal executive offices) (Zip Code)

(310) 550 8900
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____.

BEST COPY AVAILABLE

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, no par value	1,251,565
Class	Outstanding on June 30, 1992

30

This Form 10-Q contains 25 pages.

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PART 1 - FINANCIAL INFORMATION

Item 1 - Financial Statements

PKLA BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

ASSETS	June 30 1992 (Unaudited)	December 31, 1991
Cash & cash equivalents	$8,449,421	$9,460,693
Interest-bearing deposits with financial institutions	450,000	375,000
Investment securities:		
Municipal securities	0	0
US Government securities	0	499,926
US Agency securities	37,107,922	32,736,793
Other securities	0	10,872,542
Total investment securities, market values of $37,917,000 & $45,171,000	37,107,922	44,109,261
Investment securities held for sale, market value of $5,166,000 at 12/31/91.	0	4,982,804
Federal funds sold & repurchase agreements purchased.	3,700,000	4,000,000
Loans:		
Commercial	27,583,466	27,263,511
Real estate construction & land	5,007,309	4,947,227
Real estate - other	46,008,364	46,105,905
Consumer	11,746,778	13,135,391
Other	43,335	59,315
Less deferred loan origination fees	(262,075)	(146,659)
Gross loans	90,127,177	91,364,690
Less allowance for loan losses	(2,597,996)	(2,475,078)
Net loans	87,529,181	88,889,612
Premises & equipment, net	3,530,964	3,693,880
Other Real estate owned	524,041	0
Accrued interest receivable	1,243,836	1,561,941
Other assets	2,643,089	2,960,154
TOTAL ASSETS	$145,178,454	$160,033,345

BKLA BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

LIABILITIES & SHAREHOLDERS' EQUITY	June 30, 1992 (Unaudited)	December 31, 1991
Liabilities:		
Deposits:		
Demand, non interest-bearing	$33,608,206	$31,141,761
Demand, interest-bearing	17,695,231	18,270,715
Money market savings	26,742,884	29,194,951
Savings	23,980,596	26,201,057
Time deposits under $100,000	15,517,035	22,127,558
Time deposits, $100,000 or more	13,724,779	19,672,649
Total deposits	131,268,731	146,608,691
Federal funds purchased and repurchase agreements sold	0	0
Obligation under capital lease	1,820,927	1,819,259
Accrued interest payable	175,693	249,767
Other liabilities	624,730	187,097
Total liabilities	133,890,081	148,864,814
Shareholders' Equity:		
Contributed capital	11,078,503	11,078,503
Retained earnings	209,870	90,028
Total Shareholders' Equity	11,288,373	11,168,531
TOTAL LIABILTIES & SHAREHOLDERS' EQUITY	$145,178,454	$160,033,345

BKLA BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Six-Month Periods Ended June 30, 1992	Six-Month Periods Ended June 30, 1991
Interest income:		
Interest and fees on loans	$4,294,154	$5,089,048
Interest on Municipal securities	0	80,906
Interest on US Government securities	4,125	14,043
Interest on US Agency securities	1,216,178	568,803
Interest on other securities	319,686	335,064
Interest on Fed funds sold & repos purchased	118,188	112,770
Interest on deposits with other financial institutions	9,749	16,429
Total interest income	5,962,080	6,217,063
Interest expense:		
Deposits	2,157,079	2,750,990
Short-term borrowed funds	27,441	61,812
Capital lease obligation	127,081	127,135
Total interest expense	2,311,601	2,939,937
Net interest income	3,650,479	3,277,126
Provision for loan losses	550,000	0
Net interest income after provision for loan losses	3,100,479	3,277,126
Other income:		
Service fee income	347,975	318,313
Escrow fees	156,180	190,655
Investment securities gains (losses)	333,808	38,175
Other	148,811	156,724
Total other income	986,774	703,867
Other operating expenses:		
Salaries & employee benefits	1,896,379	2,060,421
Net occupancy expense	434,316	439,679
Furniture & equipment	309,885	382,187
Business promotion	93,885	140,180
Professional services	433,780	510,865
Printing & supplies	204,921	197,226
Other	524,645	457,289
Total other operating expense	3,897,811	4,187,847
Income (loss) before income taxes	189,442	(206,854)
Income taxes (credit)	69,600	(93,800)
Net income (loss)	$119,842	($113,054)
Income (loss) per share	$0.09	($0.09)

BKLA BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three-Month Periods Ended June 30,	
	1992	1991
Interest income:		
Interest and fees on loans	$2,112,138	$2,466,199
Interest on Municipal securities	0	36,540
Interest on US Government securities	0	8,476
Interest on US Agency securities	615,871	267,025
Interest on other securities	119,776	167,201
Interest on Fed funds sold & repos purchased	43,648	72,890
Interest on deposits with other financial institutions	4,914	7,892
Total interest income	2,896,347	3,026,223
Interest expense:		
Deposits	972,831	1,353,584
Short-term borrowed funds	18,296	1,954
Capital lease obligation	63,525	63,568
Total interest expense	1,054,652	1,419,106
Net interest income	1,841,695	1,607,117
Provision for loan losses	350,000	(100,000)
Net interest income after provision for loan losses	1,491,695	1,707,117
Other income:		
Service fee income	176,479	162,926
Escrow fees	73,164	84,361
Investment securities gains (losses)	207,069	27,491
Other	78,697	44,679
Total other income	535,409	319,457
Other operating expenses:		
Salaries & employee benefits	932,977	999,719
Net occupancy expense	201,494	224,586
Furniture & equipment	153,354	196,138
Business promotion	40,974	60,900
Professional services	215,114	294,999
Printing & supplies	104,245	103,405
Other	285,322	247,922
Total other operating expense	1,933,480	2,127,669
Income (loss) before income taxes	93,624	(101,095)
Income taxes (credit)	42,100	(54,100)
Net income (loss)	$51,524	($46,995)
Income (loss) per share	$0.04	($0.04)

BKLA BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Six-Month Periods Ended June 30, 1992	 1991
Cash flows from operating activities:		
Interest received	$6,460,511	$6,567,855
Fees and commissions received	652,966	650,817
Interest paid	(2,365,675)	(3,049,382)
Cash paid to suppliers and employees	(3,031,550)	(3,852,713)
Income taxes paid	118,524	344,783
Net cash provided by (used in) operating activities	1,834,776	661,360
Cash flows from investing activities:		
Proceeds from sales of investments	14,989,643	6,575,668
Proceeds from maturities of investments	2,221,054	2,231,919
Purchase of investments	(5,052,656)	(5,686,880)
Net decrease (increase) in Federal funds sold	300,000	(5,800,000)
Net decrease (increase) in loans made		0
to customers	695,015	5,976,021
Capital expenditures	(659,144)	(467,965)
Proceeds from the sale of furniture, equipment and other real estate owned	0	1,800,000
Net cash provided by (used in) investing activities	12,493,912	4,628,763
Cash flows from financing activities:		
Net increase (decrease) in demand deposits, NOW accounts and savings accounts	(2,781,567)	11,986,704
Net increase (decrease) in time		0
certificates of deposit	(12,558,393)	(11,618,941)
Net increase (decrease) in repurchase agreements	0	0
Proceeds from the issuance of stock	0	762
Dividends paid	0	0
Net cash provided by (used in) financing activities	(15,339,960)	368,525
Net increase (decrease) in cash and cash equivalents	(1,011,272)	5,658,648
Cash and cash equivalents at beginning of period	9,460,693	5,962,072
Cash and cash equivalents at end of period	$8,449,421	$11,620,720

BKLA BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of Net Income to Net Cash Provided by Operating Activities
(Unaudited)

	Six-Month Periods Ended June 30, 1992	Six-Month Periods Ended June 30, 1991
Net Income	$119,842	($113,054)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	435,200	460,738
Provision for loan and investment losses	550,000	0
Losses (gains) on security sales	(333,808)	(53,050)
Losses (gains) on disposal of furniture and equipment	0	0
Increase (decrease) in taxes payable	188,124	250,982
Decrease (increase) in interest receivable	318,105	270,303
Increase (decrease) in interest payable	(74,074)	(109,445)
Decrease (increase) in other receivables	79,500	458,615
Increase (decrease) in accrued expenses and liabilities	551,887	(503,729)
Net cash provided by operating activities	$1,834,776	$661,360

Note 1. The consolidated financial statements of BKLA Bancorp ("Company") and Subsidiary include the accounts of the Company and its wholly-owned subsidiary, Bank of Los Angeles, ("Bank"). The consolidated financial statements include the operations of the Company and the Bank for all periods presented. All intercompany balances and transactions have been eliminated.

Note 2. In the opinion of management, the unaudited consolidated financial statements of BKLA Bancorp and Subsidiary at June 30, 1992, and for the six months ended June 30, 1992 and 1991, reflect all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation. Certain items in the 1991 consolidated financial statements have been reclassified to conform to the 1992 presentation. The results of operations for the periods ended June 30, 1992 and June 30, 1991 are not necessarily indicative of operating results that may be expected for any other interim period or for the full year.

Note 3. Earnings per share is computed using the weighted average number of shares of common stock equivalents outstanding. Stock options are considered to be common stock equivalents, except when their effect is anti-dilutive. The weighted average number of shares used to compute earnings per share were 1,251,565 for the six month periods ended June 30, 1992 and June 30, 1991, respectively.

Note 4. The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards No. 105 which provides for disclosure of information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk. The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. As of June 30, 1992, the Bank had $15,273,813 in unfunded commitments to extend credit and $845,064 in standby letters of credit. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is equivalent to the contractual or notional amount of those instruments.

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. When collateral is taken, the general policy is to secure loans by assets or stock of the borrower. Loans are expected to be repaid from cash flow or proceeds from sale of selected assets from the borrower.

The Bank has a concentration of credit risk in that most of the business of the Company is conducted with customers in the greater Los Angeles area.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to provide information to facilitate the understanding and assessment of significant changes in trends related to the consolidated financial condition and results of operations of BKLA Bancorp and Bank of Los Angeles. The discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. Throughout this discussion, "Company" will refer to BKLA Bancorp as a consolidated entity, "BKLA" will refer to BKLA Bancorp as an unconsolidated entity, and "Bank" will refer to the Bank of Los Angeles.

SUMMARY

The net income for the three months ended June 30, 1992 was $52,000, as compared to net loss of $47,000 for the three months ended June 30, 1991. The net income for the six months ended June 30, 1992 was $120,000 as compared to a net loss of $113,000 for the six months ended June 30, 1991. The improvement was largely attributable to an increase in net interest income and gain on sale of securities, and a decrease in noninterest expense. These improvements were partially offset by an increase in the provision for loan losses.

At June 30, 1992, total consolidated assets were $145,178,000, compared to $160,033,000 as of December 31, 1991. Consolidated gross loans totaled $90,389,000 and $91,512,000 as of June 30, 1992 and December 31, 1991 respectively. Total consolidated deposits at June 30, 1992 were $131,269,000 as compared to the December 31, 1991 total of $146,609,000.

The following table sets forth certain important ratios for the Company for the periods indicated:

	Six Months Ended June 30,		Three Months Ended June 30,	
	1992	1991	1992	1991
Return (loss) on average assets:	.16%	-.16%	.14%	-.14%
Return (loss) on average shareholders' equity:	2.12%	-1.87%	1.85%	-1.56%

The following discussion explains in greater detail the consolidated financial condition and results of the operations of the Company. This discussion should be read in conjunction with the consolidated financial statements and notes thereto.

RESULTS OF OPERATIONS

Net Interest Income

Net interest income is the major source of operating income of the Company. Net interest income represents the difference between the interest income from earning assets and the interest paid on interest bearing liabilities. Net interest income for the three months ended June 30, 1992 increased $235,000, or 14.62%, to $1,842,000, from $1,607,000 for the three months ended June 30, 1991. Net interest income for the six months ended June 30, 1992 increased $373,000, or 11.38%, to $3,650,000, from $3,277,000 for the six months ended June 30, 1991.

The increase was largely due to reduction in interest expense, caused by a decline in interest rates and a change in the composition of deposits. On August 2, 1991, the Company paid $265,000 to assume the liabilities and received cash of $61 million from the Resolution Trust Corporation ("RTC") for the West Hollywood Office of Unity Savings & Loan Association, F.A. ("Unity"). This transaction provided the less expensive core deposits, which enabled the Bank to reduce its more costly time certificates of deposit of $100,000 and more. Core deposits (total deposits less time certificates of deposit of $100,000 or more) averaged 89.40% and 81.74% for the three months ending June 30, 1992 and 1991, respectively. Core deposits averaged 88.56% and 79.86% for the six months ending June 30, 1992 and 1991, respectively. This change in the deposit mix coupled with the general decline in interest rates resulted in a reduction in the average interest rate paid on all interest bearing deposits to 3.85% and 4.09% for the three and six months periods ended June 30, 1992, respectively, from 5.97% and 6.17% for the three and six months periods ended June 30, 1991.

The decrease in interest expense was partially offset by a reduction in interest income from $3,026,000 to $2,896,000 for the three months ended June 30, 1991 and 1992, respectively. Interest income was $6,217,000 and $5,962,000 for the six months ended June 30, 1991 and 1992, respectively. Following the Unity acquisition, average earning assets increased to $134,582,000 for the three months ended June 30, 1992, as compared to $121,826,000 for the three months ended June 30, 1991. Average earning assets for the six months ended June 30, 1992 and 1991 were $137,817,000 and $122,479,000, respectively. The effects of the increase in volume were mitigated by the decline in interest rates and a change in asset mix. Reference rate averaged 6.50% and 8.92% for the six months ended June 30, 1992 and 1991, respectively. Pursuant to the decline in rates, the average rate earned on interest earning assets for the three months ended June 30, 1992 was 8.24%, and was 10.21% for the three months ended June 30, 1991. The average rate earned on interest earning assets for the six months ended June 30, 1992 and June 30 1991 was 8.38% and 10.26%, respectively. Interest income has been favorably impacted in 1992 by the recognition of $125,000 in each quarter from the gain on the termination of a swap agreement. Please refer to the section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" entitled "Liquidity and Interest Rate Sensitivity Management".

For the three month periods ended June 30, 1992 and 1991 average loans, the highest yielding asset, were 66.93% and 75.09% of average earning assets. For the six month periods ended June 30, 1992 and 1991, average loans were 65.22% and 75.61% of average earning assets.

As a result of the foregoing, the net interest margin and net interest income earned as a percentage of average earning assets varied as follows for the periods indicated:

	Six Months Ended June 30,		Three Months Ended June 30,	
	1992	1991	1992	1991
Net interest margin:	4.11%	3.93%	4.22%	3.88%
Net interest income earned as a percentage of average earning assets:	4.99%	5.42%	5.10%	5.32%

Provision for Loan Losses

The provision for loan losses creates an allowance for estimated future loan losses. When losses occur they are charged against the allowance.

The provision for loan losses was $350,000 for the three months ended June 30, 1992, compared to a net reversal of $100,000 for the three months ended June 30, 1991. For the six months ended June 30, 1992, the provision for loan losses was $550,000, and there was no provision made for the six months ended June 30, 1991. The increased provision for loan losses during the first 6 months of 1992 reflects the continuing weakness in the economy in the Bank's service area and an increase in nonperforming loans and charge offs. Following an examination by the California State Banking Department, which concluded in January 1991, and a subsequent examination by the Federal Deposit Insurance Corporation, which concluded in May 1991, the Bank determined at the end of the second quarter of 1991, that the allowance for loan losses was adequate at its then level. Subsequent to the two examinations, the Bank benefited from $202,000 in recoveries and therefore determined that the allowance for loan losses at the end of the second quarter 1991 was higher than necessary. Accordingly, the $100,000 provision for loan losses which was made in the first quarter of 1991 was reversed in the second quarter of 1991.

The provisions during the first 6 months of 1992, less net loans charged off during such period, resulted in an allowance for loan losses at June 30, 1992 of $2,598,000, or 2.88% of loans outstanding. The allowance for loan losses as of December 31, 1991 was $2,475,000, or 2.70% of loans outstanding. Please refer to the sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations" entitled "Nonperforming Assets" and "Allowance for Loan Losses".

Noninterest Income

The following table sets forth information by category of noninterest income for the Company for the periods indicated:

(dollars in thousands)	Six Months Ended June 30,		Three Months Ended June 30,	
	1992	1991	1992	1991
Service fee income	$348	$318	$176	$163
Escrow Fees	156	191	73	84
Investment Securities gains (losses)	334	38	207	27
Other	149	157	79	45
Total noninterest income	$987	$704	$535	$319

In January 1992, the Bank sold substantially all of the securities with final maturities in excess of 10 years. The total principal amount of said securities was $4,983,000 and the Bank realized a gain of $127,000 from the transaction. In May 1992, the Bank sold all of the corporate bonds from the investment portfolio. The total principal amount of said securities was $10,052,000 and the Bank realized a gain of $206,000 from the transaction. The sale of the bonds improved the Company's capital to risk weighted assets ratio, as the corporate bonds were risk weighted at 100% and the re-investment of the funds was made in 20% risk weighted assets. Please refer to the section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" entitled "Capital Resources".

Noninterest Expense

The following table sets forth information by category of noninterest expense for the Company for the periods indicated:

(dollars in thousands)	Six Months Ended June 30,		Three Months Ended June 30,	
	1992	1991	1992	1991
Salaries & employee benefits	$1,896	$2,061	$ 933	$1,000
Net occupancy expense	434	440	202	225
Furniture & equipment	310	382	153	196
Business promotion	94	140	41	61
Professional services	434	511	215	295
Printing & supplies	205	197	104	103
Other expense	525	457	265	248
Total noninterest expense	$3,898	$4,188	$1,933	$2,128

Noninterest expense decreased $195,000, or 9.16%, to $1,933,000 for the three months ended June 30, 1992. Noninterest expense decreased $290,000, or 6.92% for the six months ended June 30, 1992. During the first 6 months of 1992, the Bank benefited from a cost reduction program implemented in the second half of 1991 which included a decrease in the work force in July 1991. The increase in other noninterest expense is largely attributable to the premiums paid for FDIC insurance, which were $173,000 and $127,000 for the six months ended June 30, 1992 and 1991, respectively. It is anticipated that FDIC insurance premiums will increase from $.23 per hundred of insured deposits to at least $.26 per hundred of insured deposits as of January 1993.

Income Taxes

For the three months period ending June 30, 1992, the Company had an income tax expense of $42,100, as compared to an income tax credit of $54,100 for the three months ending June 30, 1991. For the six months period ending June 30, 1992, the Company had an income tax expense of $69,600, as compared to an income tax credit of $93,800 for the six months ending June 30, 1991. The effective tax rate in 1992 was 36.74% and the effective rate of the tax credit in 1991 was 45.35%.

FINANCIAL CONDITION

Total consolidated assets decreased $14,855,000, or 9.28%, to $145,178,000 as of June 30, 1992 from $160,034,000 as of December 31, 1991. At June 30, 1992, total consolidated deposits were $131,269,000, or 10.46% less than the December 31, 1991 total of $146,609,000. The decrease is largely attributable to reductions in the more costly time certificates of deposit, with the preponderance of decline in time certificates of deposit of $100,000 or more. The corresponding reduction in assets resulted primarily from the sale of securities held for sale at December 31, 1991 and from the sale of the corporate bonds in May 1992.

Loans

Net loans as a percentage of total assets were 60.29% as of June 30, 1992, an increase from 55.54% as of December 31, 1991. The loan to deposit ratio was 66.68% as of June 30, 1992, as compared to 60.63% as of December 31, 1991.

The following table sets forth the amount of loans in each category and the percentage of total loans outstanding for each category, and shows adjustments for deferred loan origination fees and the allowance for loan losses, as of the dates indicated:

(dollars in thousands)	June 30, 1992		December 31, 1991	
	Amount	Percentage	Amount	Percentage
Commercial loans	$ 27,627	30.6%	$ 27,324	29.9%
Real estate, single family	19,675	21.7%	21,578	23.6%
Real estate, multi- family	3,845	4.3%	4,426	4.8%
Real estate, non-farm/non-residential	22,489	24.9%	20,102	22.0%
Real estate, construction	5,007	5.5%	4,947	5.4%
Consumer loans	11,746	13.0%	13,135	14.3%
Total loans	$ 90,389	100.0%	$ 91,512	100.0%
Less deferred loan origination fees	(262)		(147)	
Less allowance for loan losses	(2,598)		(2,475)	
Net loans	$ 87,529		$ 88,890	

Nonperforming Assets

The following table sets forth information concerning nonperforming assets at the dates indicated:

(dollars in thousands)	June 30, 1992	December 31, 1991
Loans delinquent for 90 days or more but still accruing	$ 771	$ 463
Nonaccrual loans	3,176	2,506
Restructured loans	-0-	-0-
Other real estate owned	524	-0-
Total nonperforming assets	$ 4,471	$ 2,969
Nonperforming assets to period end loans, plus other real estate owned	4.95%	3.24%

Generally, the Company's policy is to discontinue accrual of interest on loans which are delinquent for 90 days or more, unless management determines that a loan is adequately collateralized or other circumstances justify treating a loan as fully collectible. Interest income which has been previously accrued is reversed when a loan is placed on a nonaccrual status, and income is not recognized until payment is actually received. Income recorded for the nonaccrual loans totaled $3,000 in the six months ended June 30, 1992. The Company would have recorded $144,000 in additional income had all nonaccrual loans been current as of June 30, 1992.

As of June 30, 1992, the Bank had two real estate properties which were acquired in foreclosure. Management believes that based upon recent appraisals, the value of the properties is greater than the book value.

Excluding loans which have been classified as "loss" and charged off by the Bank, the Bank's classified loans consisted of $6,156,000 of loans classified as "substandard" and $1,164,000 of loans classified as "doubtful" as of June 30, 1992. The Bank's $6,156,000 of loans classified as "substandard" consisted of $4,438,000 of performing loans and $1,718,000 of nonaccrual loans and loans delinquent for 90 days or more but still accruing. The Bank's $1,164,000 of loans classified as "doubtful" were nonaccrual loans. In addition to the classified loans, the Bank was also monitoring $8,497,000 in loans which it has designated as "special mention" as June 30, 1992.

Allowance for Loan Losses

The provision for loan losses creates a reserve for estimated future loan losses, by a charge to operations based upon the composition of the loan portfolio, the performance of loans in the portfolio, evaluations of loan collateral, prior loss experience, current economic conditions, and the prospects or worth of the respective borrowers or guarantors. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based upon their judgment of the information available to them at the time of their examination. Further, since the Bank lends primarily in the greater Los Angeles region of Southern California, substantially all of its real estate loan collateral is concentrated in that region. Accordingly, the ultimate collectibility of a substantial portion of the Bank's loans are susceptible to changes in market conditions in the greater Los Angeles region. This concentration, along with the Bank's debt position on these properties is considered when determining the allowance for loan losses. The portfolio is reviewed monthly and the charge to operations is reported in earnings in the current period. When losses occur, they are charged against the allowance.

Senior management reviews the adequacy of the allowance for loan losses monthly. Loans which are identified as special mention, substandard or doubtful are assigned specific allocations within the allowance for loan losses. 2% of the loan balance is maintained in the allowance for loans classified special mention, 10% to 20% of the loan balance is maintained in the allowance for loan losses for loans deemed substandard, and 50% of the loan balance is maintained in the allowance for loan losses for loans deemed doubtful. A general reserve of .6% is also maintained for all unclassified loans. Additional reserves may be assigned based upon management's assessment of the quality of the credit.

The allowance for loan losses totaled $2,598,000, or 2.88% of loans outstanding, as of June 30, 1992, which compares to $2,475,000, or 2.70% of loans outstanding, as of December 31, 1991.

Management believes that the allowance for loan losses at June 30, 1992 is adequate to provide for risks associated with the Bank's loan portfolio. Given the economic condition in the Company's service area, the Company may continue to experience further deterioration in the quality of the loan portfolio and high levels of nonperforming assets, which could require increased provisions to the allowance for loan losses.

The following table sets forth the allowance for loan losses (at the beginning and end of each period), loan charge offs, recoveries, the amount of the provision charged to operations, the ratio of net charge offs to average loans and the allowance for loan losses as a percentage of year-end loans for the six months ended June 30, 1992:

(dollars in thousands)	June 30, 1992
Allowance for loan losses at beginning of year	$2,475
Charge offs	
Commercial	178
Real estate	65
Consumer	368
Total	611
Recoveries	
Commercial	160
Real estate	-0-
Consumer	24
Total	184
Net loans charged off	427
Provision charged to operations	550
Allowance for loan losses as of end of period	$2,598
Ratio of net charge offs to loans	.47%
Ratio of allowance for loan losses to period end loans	2.88%

Investment Portfolio

The Company's investment portfolio consists of U.S. government agency obligations. The portfolio provides investment income and serves as a source to meet liquidity needs as investments mature. Investment securities with approximate carrying values of $7,519,000 and $10,827,000 at June 30, 1992 and December 31, 1991, respectively, were pledged to secure public deposits and securities sold under agreement to repurchase and for other purposes required or permitted by law.

The following table sets forth the maturity distribution of the Company's investment portfolio as of June 30, 1992:

(dollars in thousands)	June 30, 1992
Less than one year	$ -0-
After one year to within five years	35,326
After five years to within ten years	1,779
After ten years	3
Total investment portfolio	$ 37,108

At June 30, 1992, the gross unrealized gain and gross unrealized loss on securities held for investment was $842,000 and $33,000, respectively.

Deposits

Deposits totaled $131,269,000 as of June 30, 1992, as compared to $146,609,000 as of December 31, 1991. The decrease of $15,340,000, or 10.46%, is primarily the result of the reduction of the higher cost, rate sensitive time certificates of deposit.

The Company had no brokered deposits as of June 30, 1992 and December 30, 1991.

The following table sets forth information regarding the average deposits and the average rate paid for certain deposit categories for the six months ended June 30, 1992:

(dollars in thousands)	June 30, 1992	
	Amount	Percent
Demand deposits	$ 31,745	0.00%
Interest bearing demand deposits	18,685	2.86%
Money Market accounts	28,263	3.88%
Savings accounts	24,886	4.29%
Time certificates less than $100,000	18,230	4.95%
Time certificates $100,000 & over	15,720	4.64%
Total average deposits	$137,529	

Capital Resources

The Company has no commitments for major capital expenditures. At June 30, 1992 and December 31, 1991, the Company had total shareholders' equity to total assets of 7.78% and 6.98%, respectively.

The Company is required to meet certain risk based and leveraged capital standards promulgated by the bank regulatory authorities. The risk based capital standards establish capital requirements that are more sensitive to risk differences between various assets, consider off balance sheet activities in assessing capital adequacy, and minimize the disincentives to holding liquid, low risk assets. The Company is currently required to achieve a minimum of 7.25% total qualifying capital to risk weighted assets ratio (of which 3.6% must be Tier 1 capital consisting primarily of common stock and retained earnings, less goodwill). By December 31, 1992, the Company must achieve a total risk based capital ratio of 8% (of which at least 4% must be Tier 1 capital). The leverage ratio consists of tangible Tier 1 capital divided by total assets. Bank regulatory authorities have set 3% as the minimum leverage ratio, however institutions experiencing or anticipating significant growth or those with other than minimum risk profiles will be expected to maintain capital well above the minimum levels.

The following table sets forth the Company's actual capital levels at the dates indicated, and the current minimum regulatory capital requirements:

	Capital Levels		Current Minimum Regulatory Requirement
	12/31/91	6/30/92	
Total risk based capital	9.80%	11.04%	7.25%
Tier 1 risk based capital	8.26%	9.49%	3.60%
Leverage capital	5.76%	6.47%	3.00%

While the Company's capital ratios exceed the regulatory minimums, it is the intent of management to further strengthen its capital levels. Accordingly, it is not anticipated that the Company will pay cash dividends in the foreseeable future.

Liquidity and Interest Rate Sensitivity Management

The primary function of asset/liability management is to assure adequate liquidity and maintain an appropriate balance between interest sensitive earning assets and interest sensitive liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw funds or borrowers seeking to meet their credit needs. Interest rate sensitivity management seeks to minimize fluctuations in net interest margins and to enhance consistent growth of net interest income and net profits through periods of changing interest rates.

Management monitors its liquidity position continuously in relation to trends of loans in deposits, and relates the data to short and long term requirements. The Bank has lines of credit with other financial institutions of $6,500,000 which enable it to borrow federal funds on an unsecured basis. The Bank also has a secured line of credit in the amount of $10,000,000. As of June 30, 1992, the Bank was not obligated to any bank in connection with any of its lines of credit.

Liquid assets are defined to include federal funds sold, interest-bearing deposits in other financial institutions, unpledged marketable investment securities and cash and due from banks. The Company's liquidity ratio (sum of liquid assets divided by the difference of total deposits and public deposits) was 32.54% as of June 30, 1992, and 35.90% as of December 31, 1991. The loan to deposit ratio at June 30, 1992 was 66.68%, as compared to 60.63% as of December 31, 1991.

The Company has improved its ratio of core deposits to total deposits in 1992. Core deposits are defined as the difference between total deposits and time certificates of deposit, $100,000 and over. As of June 30, 1992 the ratio of core deposits to total deposits was 89.54%, as compared to 86.42% as of December 31, 1991. The Company believes that the concentration in core deposits improves the stability of the deposit base and provides a less expensive source of funds.

The Company has adopted policies designed to minimize the exposure to interest rate fluctuations, and regularly measures the differences in the amounts of rate sensitive assets and rate sensitive liabilities over a variety of time periods. A gap for a specified period is positive (negative) when the amount of rate sensitive assets (liabilities) maturing or repricing within that period exceeds the amount of rate sensitive liabilities (assets) maturing or repricing within the same period. However, because interest rates for different asset and liability products offered by depository institutions respond in a different manner, both in terms of the responsiveness as well as the extent of responsiveness, to changes in the interest rate environment, the gap is only a general indicator of interest rate sensitivity.

The following presents a gap analysis for the Company as of June 30, 1992:

(in thousands) ASSETS	0 - 1 Days	2 - 30 Days	31 - 180 Days	181 - 365 Days	Over 1 year within 5 yrs	Over 5 years	Non-Int. Bearing	Total
Fed funds sold	$2,700	$0	$0	$0	$0	$0	$0	$2,700
Securities purchased repos.	1,000							1,000
Due from banks time		75	375					450
Investment securities					35,326	1,782		37,108
Sub-total	3,700	75	375	0	35,326	1,782	0	41,258
Loans	77,607	417	2,731	2,133	3,985	341	3,176 *	90,390
TOTAL RATE SENSITIVE ASSETS	81,307	492	3,106	2,133	39,311	2,123	3,176	131,648
Other nonearning assets							13,530	13,530
TOTAL ASSETS	$81,307	$492	$3,106	$2,133	$39,311	$2,123	$16,706	$145,178

LIABILITIES & CAPITAL	0 - 1 Days	2 - 30 Days	31 - 180 Days	181 - 365 Days	Over 1 year within 5 yrs	Over 5 years	Non-Int. Bearing	Total
Securities sold-repos.	$0	$0	$0	$0	$0	$0	$0	$0
Interest bearing deposits	1,277	76,436	14,734	4,459	739	16		97,661
Capital lease & other debt						1,821		1,821
TOTAL RATE SENSITIVE LIABILITIES	1,277	76,436	14,734	4,459	739	1,837	0	99,482
Other liabilities							45,696	45,696
TOTAL LIABILITIES & CAPITAL	$1,277	$76,436	$14,734	$4,459	$739	$1,837	$45,696	$145,178
GAP: Assets (Liabilities)	$80,030	($75,944)	($11,628)	($2,326)	$38,572	$286	($28,990)	
Cumulative Gap:Assets (Liab.)	$80,030	$4,086	($7,542)	($9,868)	$28,704	$28,990	$0	

* Represents loans on nonaccrual

The table above indicates that at June 30, 1992, the negative gap between interest rate sensitive liabilities and interest rate sensitive assets that were expected to mature or reprice within 180 days was $7,542,000. Although this would seem to imply that a significant increase in interest rates would have a negative impact on the Bank's net interest income and a significant decrease in interest rates would have a positive impact on the Bank's net interest income, the decline in interest rates in 1991 actually had a negative impact on the Bank's net interest income, because rate sensitive assets responded more quickly and to a greater extent to the decline in interest rates than rate sensitive liabilities.

In view of this fact, in July 1991, the Bank entered into a two year $15,000,000 notional value interest rate swap agreement to hedge the exposure to the adverse effects of declining interest rates. Under the terms of the agreement, the Bank received interest at 9.25% and paid reference rate on the notional amount. In January 1992, the Bank sold the swap for a gain of $500,000, which will be recognized during 1992 at $125,000 per quarter as interest income.

At June 30, 1992, BKLA had deposits of $515,000. Presently, BKLA derives funds from interest on deposits with the Bank and other financial institutions . Management believes that the deposits and the current interest earned on the deposits are adequate to meet current cash-flow requirements. California law limits the amount of dividends that the Bank could pay to BKLA without obtaining prior regulatory approval and as of June 30, 1992, the Bank cannot declare and pay any dividends.

PART 2 - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BKLA BANCORP

Date: July 22, 1992

Mark E. Buchman
President and
Chief Executive Officer

Date: July 22, 1992

Robert F. Junet, Jr.
Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Three Months Ended
March 31, 1992

Commission File Number
33-39759

CRESCENT CAPITAL, INC. /DE Q94-2263

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	13-3645694
(State of Other Jurisdiction of Incorporation or Organization)	I.R.S. Employer Identification No.
15 Penn Plaza, Suite 150, New York, New York	10001
(Address of Principal Executive Offices)	Zip Code

Registrant's Telephone Number, Including Area Code (212) 695-0386

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No_____

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the issuer has filed all documents and reports required to be filed by Sections 2, 13 or 15(d) of the Securities Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes____ No____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock $.001 par value, (Title of Class)	105,000 (Shares outstanding at March 31, 1992)

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CRESCENT CAPITAL, INC.

FORM 10-Q

THREE MONTHS ENDED MARCH 31, 1992

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CRESCENT CAPITAL, INC.
(A development stage company)

BALANCE SHEET

MARCH 31, 1992

(Unaudited)

ASSETS

Current Assets:	
Cash	$498,866
Total Current Assets	$498,866
Other Assets:	
Organization Costs - Net of Amortization	375
Total Other Assets	375
TOTAL ASSETS	$499,241

LIABILITIES AND STOCKHOLDER'S EQUITY

Stockholder's Equity:	
Common Stock, par value $.001; authorized 8,000,000 shares, issued and outstanding 105,000 shares	105
Additional Paid-In Capital	499,884
Retained Deficit	(748)
TOTAL STOCKHOLDER'S EQUITY	499,241
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$499,241

CRESCENT CAPITAL, INC.
(A development stage company)

STATEMENT OF INCOME AND EXPENSES

FOR THE PERIOD JANUARY 1, 1992
TO MARCH 31, 1992

(Unaudited)

Revenue	$ 377
Operating Costs:	
Amortization of Organization Costs	25
Net Loss For Period	$ 352

CRESCENT CAPITAL, INC.
(A development stage company)

STATEMENT OF STOCKHOLDER'S EQUITY

(Unaudited)

FOR THE PERIODS

	Common Stock	Paid-In Capital	Retained Earnings	Total Capital
Investment in Common Stock January 15, 1991 for Cash	$ 25	$ 7,475		$ 7,500
Retained Deficit For Year Ending December 31, 1991			$(1,100)	(1,100)
Sale of 80,000 Units to Public	80	599,920		600,000
Deferred Offering Costs Charged to Additional Paid in Capital		(107,511)		(107,511)
Net Income for Period			352	352
Totals	$ 105	$ 499,884	$ (748)	$ 499,241

CRESCENT CAPITAL, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

Unaudited

MARCH 31, 1992

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Management, all adjustments considered necessary for a fair presentation have been included. These adjustments were considered usual and normal in nature. For the period ended March 31, 1992, the Company had no operational activities other than the preparation for the public offering as presented in the Balance Sheet. The recovery of assets and the continuation of the Company as a going concern are dependent upon the Company's ability to obtain additional financing and upon future profitable operations. For further information, refer to the financial statements and footnotes included in the Company's annual report filed on Form 10-K for the year ended December 31, 1991.

CRESCENT CAPITAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

MARCH 31, 1992

On May 18, 1992, the Company entered into a non-binding Letter of Intent with Damsmith Corporation, a North Carolina corporation, to acquire 100% of the equity of Damsmith Corporation. There are no assurances that the transaction will be consummated.

PART II OTHER INFORMATION

Item 1 Legal Proceedings - None

Item 2 Changes in Securities - None

Item 3 Defaults Upon Senior Securities - None

Item 4 Submission of Matters to a Vote of Securities Holders - None

Item 5 Other Information - None

Item 6 Exhibits and Reports on Form 8-K - None

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results of operation for the period ended March 31, 1992.

The result of operation for the period ended March 31, 1992 are not necessarily indicative of the results for the entire year.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRESCENT CAPITAL, INC.

By:____________________
Ira Postel
President and Director

Date: July 1, 1992

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ORIGINAL

#92-2263

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

L3Q

Commission File Number 0-17194

F.F.O. Financial Group, Inc.
(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation or organization)	59-2899802 (I.R.S. Employer Identification Number)
2200 Live Oak Boulevard St. Cloud, FL (Address of Principal Executive Offices)	34771-8462 (Zip Code)

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Registrant's telephone number, including area code. (407) 892-1200

Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($.10 par value per share)
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

The number of shares outstanding of the registrant's common stock, as of the latest practicable date is:

Class: Common Stock, par value $.10 per share
Outstanding at May 13, 1992: 2,180,000

F.F.O. FINANCIAL GROUP, INC.

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F.F.O. FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (unaudited)

	MAR 31, 1992	DEC 31, 1991
ASSETS		
Cash	$ 12,772,469	$ 14,258,466
Federal funds sold	1,128,500	1,105,000
Securities purchased under agreements to resell	15,000,000	25,000,000
Investments	7,112,170	7,113,040
Loans receivable - net	276,392,012	279,431,785
Real Estate Owned	29,173,564	28,264,186
Office properties and equipment	7,075,484	7,301,006
Federal Home Loan Bank stock	2,237,900	2,197,800
Accrued interest receivable	4,245,218	4,087,520
Other assets	1,566,460	4,448,684
TOTAL	$356,703,777	$373,947,487
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposit accounts	$313,000,606	$330,289,208
Accrued interest on deposit accounts	199,760	423,702
Due to banks	1,228,571	1,624,045
Advances from Federal Home Loan Bank	16,800,000	16,800,000
Income taxes payable	0	0
Advances by borrowers for taxes and insurance	2,106,143	1,038,848
Deferred income taxes	383,902	335,196
Other liabilities	4,624,334	4,436,488
TOTAL LIABILITIES	338,343,316	354,947,487
Stockholders' Equity:		
Preferred stock, $.10 par value; authorized 2,500,000 shares, none outstanding		
Common stock, $.10 par value; authorized 7,500,000 shares, issued 2,415,000 shares; 2,180,000 shares outstanding	241,500	241,500
Additional paid-in capital	12,273,500	12,273,500
Retained earnings	7,517,649	7,417,188
Treasury stock (235,000 shares)	(1,672,188)	(1,672,188)
TOTAL STOCKHOLDERS' EQUITY	18,360,461	18,260,000
TOTAL	$356,703,777	$373,207,487
BOOK VALUE PER SHARE	$ 8.42	$ 8.38

See notes to consolidated financial statements.

F.F.O. FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (unaudited)

	MAR 31, 1992	DEC 31, 1991
ASSETS		
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BOOK VALUE PER SHARE	$ 8.42	$ 8.38

See notes to consolidated financial statements.

F.F.O. FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	THREE MONTHS ENDED MAR 31	
	1992	1991
INTEREST INCOME		
Loans	$ 6,679,890	$ 8,082,520
Mortgage-backed securities	3,869	439,666
Investments	168,195	303,375
Other	315,557	488,592
Total Interest Income	7,167,511	9,314,153
INTEREST EXPENSE		
Deposits	3,972,957	5,893,265
Borrowings	360,897	864,861
Total Interest Expense	4,333,854	6,758,126
Net interest income	2,833,657	2,556,027
Provision for loan losses	134,197	250,136
Net interest income after provision for loan losses	2,699,460	2,305,891
OTHER INCOME		
Loan origination and other loan fees	82,728	158,479
Loan servicing fees	81,540	304,289
Service charges on deposit accounts	354,803	343,675
Gain on sale of investments	33,759	0
Gain on sale of loans	268,745	475,657
Other	72,425	37,548
Total Other Income	894,000	1,319,648
OTHER EXPENSES		
Employee compensation	1,290,032	1,695,217
Occupancy and equipment	606,010	702,102
Federal deposit insurance premiums	188,700	204,825
Goodwill amortization	0	11,850
Marketing and advertising	100,283	198,557
Data processing	193,009	190,167
Legal expense	94,120	44,436
RED expense	173,267	169,223
Loss on sale of property	0	307
Other	798,872	631,554
Total Other Expenses	3,444,293	3,848,238
INCOME (LOSS) BEFORE INCOME TAXES	149,167	(222,699)
Provision (credit) for income taxes	48,706	(73,672)
Net Income (Loss) before Cumulative Effect of a Change in Accounting Principle	100,461	(149,027)
Cumulative Effect on Prior Years of Adopting FAS 109	--	1,290,000
NET INCOME (LOSS)	$ 100,461	$ 1,140,973
NET INCOME (LOSS) PER SHARE OF COMMON STOCK	$ 0.05	$ 0.52

See notes to consolidated financial statements.

F.F.O. FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Three Months Ended Mar 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 100,461	$ (149,027)
Increase (decrease) in loan loss reserve	(1,559,557)	(770,067)
Depreciation	213,714	244,275
(Gain) loss on sale of assets	0	307
(Gain) loss on sale of investments	0	0
(Gain) loss on sale of loans	(268,745)	(475,657)
Increase (decrease) in provision for taxes	48,706	376,719
Amortization	0	11,850
(Increase) in accrued interest receivable	(157,698)	(1,049,674)
Increase (decrease) in deferred loan fees	(98,130)	12,815
Increase (decrease) in accrued interest payable	(223,942)	(103,240)
Increase (decrease) in escrow deposits	1,067,295	1,230,697
Increase (decrease) in taxes payable	0	0
(Increase) decrease in other assets	2,882,224	65,956
Increase (decrease) in other liabilities	187,846	57,590
Other, net	0	0
Cash provided (used) by operating activities	2,192,174	(547,456)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of investments	870	4,860
Purchases of investments	0	0
MBS principal repayments	0	592,652
MBS (purchases) sales	0	0
Loan principal repayments	10,474,949	14,174,741
Sales of loans and participations	6,225,439	5,391,156
Participation repayments	(10,031,718)	(3,992,018)
Loan disbursements	3,133,044	(23,700,134)
Purchase of office properties and equipment	11,808	(357,088)
Sales (acquisitions) of real estate	(5,744,887)	8,548,882
(Purchase) sale of FHLB stock	(40,100)	801,300
Cash provided (used) by investing activities	4,029,405	1,464,351
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits received	389,110,272	338,260,440
Deposits withdrawn	(406,398,874)	(343,343,554)
Funds borrowed	0	0
Borrowings repaid	0	(18,548,750)
Increase (decrease) in due to banks	(395,474)	271,730
Purchase of treasury stock	0	0
Cash provided (used) by financing activities	17,684,076	(23,360,134)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(11,462,497)	(22,443,239)
CASH AND EQUIVALENTS, BEGINNING	40,363,466	43,380,665
CASH AND EQUIVALENTS, ENDING	$ 28,900,969	$ 20,937,426

See notes to consolidated financial statements.

F.F.O. FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Periods Ended March 31, 1992 and 1991
(unaudited)

Note 1 - Basis of Presentation

F.F.O. Financial Group, Inc. (the "Company") was incorporated in the State of Florida on June 6, 1988. On October 20, 1988, the Company became the unitary savings and loan holding company for First Federal Savings and Loan Association of Osceola County (the "Association"). The Company's operations are limited to ownership of the Association, and it incurs modest expenses in connection with its operations as a public company.

Note 2 - Management Opinion

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not necessarily include all information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring accruals) necessary for a fair presentation of results of operations for the interim periods included herein have been made. The results of operations for the period ended March 31, 1992, are not necessarily indicative of the operating results to be anticipated for the fiscal year ending December 31, 1992. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report to Stockholders for the year ended December 31, 1991.

Earnings per share are computed by dividing earnings by the weighted average number of shares outstanding during the period. No adjustment has been made to give effect to the shares that would be outstanding, assuming the exercise of outstanding stock options, since the impact is deemed immaterial.

Note 3 - Reclassifications

Certain reclassifications have been made to the financial statements from prior periods in order to conform to the presentations used in the financial statements for the current period.

In addition, the results for the three months ended March 31, 1991 have been restated to reflect the cummulative effect of the Company's adoption of the Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes" ("FAS 109"). See Note 1 of the Notes to Consolidated Financial Statements in the 1991 Annual Report to Stockholders.

Note 4 - Cash and Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments, such as federal funds, overnight deposits, and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Note 5 - Investments

	Mar 31, 1992		Dec 31, 1991	
	(dollars in thousands)			
U.S. Government and agency obligations:	Amortized Cost	Market Value	Amortized Cost	Market Value
Under 1 year	$ 0	$ 0	$ 0	$ 0
1 to 5 years	0	0	0	0
Over 5 years	7,080	6,572	7,081	6,911
	7,080	6,572	7,081	6,911
Municipal obligations	32	32	32	32
Total Investments	$ 7,112	$ 6,604	$ 7,113	$ 6,943

In accordance with the Company's investment policy, all securities with an original maturity of five years or less are carried at the lower of cost or market value, and therefore are presented net of valuation allowances. The Company is carrying an obligation from a local municipality for which no market exists. This obligation is estimated to have a market value equal to cost.

Note 6 - Loans Receivable - net

	Mar 31, 1992	Dec 31, 1991
Mortgage Loans		
Conventional residential	$183,122,030	$182,995,719
Construction residential	15,800,132	17,358,699
FHA and VA	21,064,492	20,073,000
Nonresidential real estate	31,053,789	29,851,382
Construction nonresidential	0	1,818,144
Total Mortgage Loans	251,040,443	252,096,944
Other Loans		
Deposit account loans	1,606,537	1,853,996
Consumer loans	14,891,975	15,606,088
SBA and related loans	18,193,624	18,712,984
Home improvement loans	357,754	409,753
Total Other Loans	35,049,890	36,582,821
Total Loans	286,090,333	288,679,765
Deduct:		
Undisbursed portion of loans in process	(4,648,187)	(4,034,423)
Deferred net loan origination fees and gains on sale of SBA loans	(1,379,353)	(1,477,483)
Allowance for loan losses	(3,670,781)	(3,736,074)
Total Deductions	(9,698,321)	(9,247,980)
Loans Receivable - net	$276,392,012	$279,431,785

Note 7 - Real Estate Owned

	Mar 31, 1992	Dec 31, 1991
Real estate acquired in settlement of loans	$15,706,876	$13,423,051
Real estate in judgment	15,353,782	17,027,091
Total investment in real estate owned	31,060,658	30,450,142
Less allowance for losses	(1,887,094)	(2,185,956)
Total Real Estate Owned	$29,173,564	$28,264,186

Real estate acquired in settlement of loans has been acquired through foreclosure or deed in lieu of foreclosure and is carried at the lower of its fair market value or the balance of the related loan on the property at the date of acquisition. Costs related to the development and improvement of the property are capitalized, whereas costs related to holding the property are charged to expense.

Real estate in judgment represents loans which, in substance, are considered foreclosed even though formal foreclosure proceedings have not been completed. The carrying value of real estate in judgment is the lower of its estimated fair value or the balance of the related loan. Although the collateral for the loans has not been repossessed, the borrower has no equity in the collateral at its current estimated fair value, proceeds for repayment are expected to come only from the operation or sale of the collateral, and either the borrower has abandoned control of the project or it is doubtful the borrower will rebuild equity in the collateral or repay the loan by other means in the foreseeable future.

F.F.O. FINANCIAL GROUP, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the quarters ended March 31, 1992 and 1991

INTRODUCTION

F.F.O. Financial Group, Inc. (the "Company") was incorporated in the State of Florida on June 6, 1988. On October 20, 1988, the Company became the unitary savings and loan holding Company for First Federal Savings and Loan Association of Osceola County (the "Association"). The Company's operations are limited to ownership of its subsidiary, and it incurs modest expenses in connection with its operations as a public company. The Company's headquarters are located in St. Cloud, Florida.

The Association is a federally chartered savings and loan association which conducts business from its headquarters and main office in Kissimmee, Florida and 11 branch offices located in Central Florida. It was founded in 1934 as a mutual savings and loan association. On October 20, 1988, the Association converted to a federally chartered stock association. The Association's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") through the Savings Association Insurance Fund ("SAIF").

The Association has two wholly owned subsidiaries, First Osceola Service Corporation ("FOSC") and Gulf American Financial Corporation ("GAFC"). FOSC engaged, on a limited scale, in real estate development. Effective December 7, 1989, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") required a phased-in deduction from the Association's regulatory capital of the amount of its investment in and advances to FOSC. In order to improve regulatory capital ratios, the Association sold all of the assets of FOSC during December 1991.

GAFC, which previously made commercial construction loans, is no longer originating new loans and the Company is winding down its operations. GAFC owns Gulf American SBL, Inc. ("Gulf American"), which was an approved U.S. Small Business Administration ("SBA") lender prior to the Company's decision to sell Gulf American's SBA license, which sale occurred in December 1991. The Company also is winding down the activities of Gulf American; the former Gulf American loan offices have been closed and Gulf American is no longer originating new loans. Although the Association continues to make SBA loans, such lending activities will be much more limited than in prior periods.

CHANGES IN FINANCIAL CONDITION

Total assets of the Company decreased during the first quarter of 1992 by \$17.2 million or 4.6% and totaled \$356.7 million at March 31, 1992. Cash and equivalents decreased \$11.5 million or 28.4% during the three months ended March 31, 1992. Such decrease was primarily due to a decline in deposits. Net loans decreased during the first quarter by \$3.0 million or 1.1%. Other assets decreased by \$2.9 million primarily resulting from the receipt of a federal income tax refund of \$2.0 million during the quarter ended March 31, 1992. Total liabilities declined by \$16.6 million or 4.7% during the first quarter of 1992 to a total of \$338.3 million at March 31, 1992. This decrease was primarily due to a \$17.3 million or 5.2% reduction in deposits, which was partially offset by an increase in advances by borrowers for taxes and insurance of $1.1 million. Shareholders' equity increased by $100,000 during the three months ended March 31, 1992 due to a net gain for the period.

COMPARISON OF RESULTS OF OPERATIONS FOR THE THREE MONTH PERIODS ENDED MARCH 31, 1992 AND 1991

First quarter results for 1992 reflect the continuing impact of the Company's nonperforming assets. Interest income on loans declined by $1.4 million in 1992 compared to the same period in 1991. Such decrease was more than offset by a decrease in total interest expense of $2.4 million. This decrease was due to a decrease in the average balance of deposits outstanding as well as a decrease in average rates paid on both deposits and borrowings. First quarter results were also affected by an aggregate decrease of $426,000 or 32.3% in other income, which resulted primarily from the Company's decision to wind down the activities of GAFC and Gulf American. In addition, overhead expenses during the quarter ended March 31, 1992 compared to the same period in 1991 decreased $404,000 or 10.5%. Such decrease was attributable to a decrease in compensation expense at the Association as well as the phase-out of GAFC and Gulf American.

Interest Income

Interest income on all interest earning assets for the three months ended March 31, 1992 decreased by $2.1 million or 23.1% over the same period in 1991. Such decrease was attributable primarily to a 124 basis point decrease in the yield on interest earning assets, and to a lesser extent, a 12.1% decrease in the average balance thereof. For the three months ended March 31, 1992, the average balance of the net loan portfolio was $292.6 million yielding 9.13%, compared to $310.0 million yielding 10.43% the comparable period in the previous year. Interest on mortgage-backed securities decreased $436,000 due to the sale of the entire mortgage-backed portfolio. Income on other investments decreased primarily due to a significant reduction in the yield earned thereon.

Interest Expense

Interest expense for the three months ended March 31, 1992 decreased $2.4 million or 35.9% over the similar period in 1991. This decrease was attributable to reduced average balances on both deposits and borrowings as well as significant reductions in the rates paid thereon. The cost of deposits decreased by $1.9 million or 32.6% for the three months ended March 31, 1992 compared to the same period in 1991. At March 31, 1992, total deposits were $313.0 million, at an average rate of 4.65%, compared to $330.3 million at 6.60% at March 31, 1991. The average balance on FHLB advances declined 54.9% from the first quarter of 1991 to the first quarter of 1992, which was the primary reason for a $504,00 or 58.3% decrease in interest expense on borrowings. At March 31, 1992, total borrowed funds were $16.8 million, at an average rate of 8.64%, compared to $31.8 million at 8.10% at March 31, 1991.

The Company's interest rate spread was 3.48% for the three months ended March 31, 1992, compared to a spread of 2.90% for the three months ended March 31, 1991. This increase of 58 basis points primarily reflects the decrease in rates paid on deposits in the first quarter of 1992 compared to the same period in 1991, which was partially offset by the impact of the Company's nonperforming assets.

The following table represents a summary of average balances and rates used to calculate net interest rate spread for the periods indicated.

	Three Months Ended			
	March 31, 1992		March 31, 1991	
	(dollars in thousands)			
	Average Balance	Average Yield/ Rate	Average Balance	Average Yield/ Rate
Interest earning assets:				
Investment Securities	$ 9,269	7.26%	$ 16,932	7.17%
Loans receivable (net)	292,620	9.13%	309,963	10.43%
Mortgage-backed securities	113	13.64%	19,642	8.95%
Other earning assets	25,919	4.87%	26,703	7.32%
Total	$327,922	8.74%	$373,240	9.98%
Interest bearing liabilities:				
Deposits	$312,385	5.09%	$343,209	6.87%
FHLB advances	16,800	8.59%	37,267	8.97%
Reverse repurchase agreements	0	0.00%	1,446	8.01%
Total	$329,185	5.26%	$381,922	7.08%
Interest rate spread		3.48%		2.90%
Net interest margin		3.46%		2.74%

Provision for Possible Loan Losses

The Company's provision for loan losses in the first quarter of 1992 was $134,000, compared to $250,000 for the similar period in 1991. Management of the Company monitors the loan portfolio on a regular basis and evaluates the adequacy of the allowance for loan losses. Management believes that the allowance was adequate on March 31, 1992.

Set forth below is a summary of transactions in the allowance for possible loan losses in the first quarters of 1992 and 1991.

	Three Months Ended March 31	
	1992	1991
Beginning Balance	$3,736,074	$4,282,294
Provision for loan losses	134,197	250,136
Charge-offs	(47,170)	(1,021,454)
Recoveries	42,927	1,251
Transfers to REO	(195,247)	0
Ending Balance	$3,670,781	$3,512,227

Other Income
Other income for the three month period ended March 31, 1992 decreased $426,000 or 32.3%, compared to the same period in 1991, primarily as a result of the Company's 1991 decision to wind down the operations of its lending subsidiaries, Gulf American Financial Corporation ("GAFC") and Gulf American SBL, Inc. ("Gulf American") and the related sales during 1991 of substantially all of the assets of Gulf American. As a result of the related decline in originating and servicing of SBA loans, loan servicing fees decreased by $223,000 and gains on sale of loans decreased by $207,000 during the quarter ended March 31, 1992, compared to the same period last year.

Other Expenses
Other expenses decreased by $404,000 or 10.5% for the three month period ended March 31, 1992, compared to the similar period in 1991. During the three months ended March 31, 1992, employee compensation and benefits decreased by $405,000 or 23.9%, primarily due to the reduced number of employees in 1992 from 1991, while occupancy and equipment decreased $96,000 or 13.7% and marketing and advertising decreased $98,000 or 49.5%. Such reductions in expenses were primarily a result of winding down the operations of GAFC and Gulf American. Partially offsetting these decreases in 1992 were increases in legal expenses and other expenses.

Income Taxes
The Company's provision for income taxes for the first quarter of 1992 was $49,000, compared to an income tax credit of $74,000 for the same period a year ago. The increase in taxes is primarily attributable to the increase in pre-tax income in the first quarter of 1992 from that in 1991.

Net Income
Net income for the first quarter of 1992 was $100,000, an increase from the net loss of $149,000 for the first quarter of 1991, prior to the cumulative effect of the adoption of FAS 109. The increase was largely attributable to a decrease in interest expense, which was partially offset by a reduction in interest income and an increase in income taxes.

Loan Originations
Loan originations for the three months ended March 31, 1992 continue to reflect the impact of an agreement executed in October 1990 between OTS and the Association. The Agreement, among other things, currently limits the Association's real estate lending authority to single-family residential mortgage loans, loans to finance the sale of real estate owned, certain multifamily construction loans for up to eight units not exceeding $500,000 and loans not exceeding $500,000 secured by developed building lots which are intended for residential single-family units, SBA loans not exceeding $250,000 and not exceeding $500,000 with respect to certain construction loans.

Following is the Company's loan origination activity for the first quarters of 1992 and 1991, respectively.

	Three Months Ended March 31	
	1992	1991
Mortgage Loans		
Permanent residential	$17,312,557	$18,020,499
Permanent commercial	0	0
Construction residential	3,455,000	6,891,529
Construction commercial	0	0
Land	0	120,900
Consumer/Commercial loans	861,133	1,033,990
SBA and related loans	2,439,000	12,968,800
Total Originations	$24,067,690	$39,035,718

Construction loan and consumer loan originations include lines of credit for which funds may not have been fully disbursed.

Asset Quality

The Association is required by the OTS to classify its own assets and to establish valuation allowances based in part on such classifications. These classifications are subject to review by the OTS examiners. Management of the Company reviews its loan and investment portfolio on a monthly basis, classifying those assets deemed appropriate and establishing valuation allowances as appropriate. An asset is classified substandard if it is determined to involve a distinct possibility that the Association could sustain some loss if deficiencies associated with the asset are not corrected. An asset is classified as doubtful if full collection is highly questionable or improbable. An asset is classified loss if it is considered uncollectible, even if a partial recovery could be expected in the future. If an asset is classified pursuant to the Association's policies, or by regulatory examiners, general allowances for loan losses may be established. If an asset is classified as loss, the Association is required to establish a specific allowance in an amount equal to 100% of the portion of the asset classified loss or it must charge off that amount.

The following table illustrates the Company's classified assets as of March 31, 1992.

Classification of Assets	First Federal Osceola	GAFC	Consolidated
Substandard	$39,951,494	$12,714,295	$52,665,789
Doubtful	1,038,000	39,000	1,077,000
Loss	616,781	1,229,000	1,845,781
Total Classified Assets	$41,606,275	$13,982,295	$55,588,570

Classified assets totaled $55.6 million at March 31, 1992, as compared to $54.0 million at December 31, 1991, and $43.4 million at March 31, 1991. Increases in classified assets primarily reflect the financial difficulties being encountered by many of the Company's borrowers during the current economic climate.

Classified assets are comprised of the following loans and assets as of March 31, 1992.

Subdivision, Orange County (68 lots)	$ 2,328,364
5 warehouses in Central Florida	1,229,249
Residential development	1,700,000
Apartment project, Brevard County (166 units)	6,533,698
2 Cardinal Industries apartment projects	1,038,000
18 SBA-guaranteed loans to various borrowers	4,151,293
Accrued interest on various classified loans	113,593
50 single family residences, 16 building lots	7,433,715
Real Estate in Judgment:	
Subdivision, Brevard County (77 lots)	1,722,780
Apartment project, Tallahassee	3,800,000
40 SBA-guaranteed loans to various borrowers	9,831,002
Real Estate Owned:	
2 shopping centers, Brevard County	623,990
1 shopping center, Brevard County	2,203,118
1 shopping center, Orange County	1,186,222
1 shopping center, Brevard County	1,997,624
Apartment complex (15 units)	336,743
Vacant commercial property	251,140
Subdivision, Orange County (176 lots)	1,673,309
44 single family residences, 11 building lots	7,434,730
Total Classified Assets	$55,588,570

As of March 31, 1992, the Company had nonperforming assets as follows:

Nonperforming Assets	First Federal Osceola	GAFC	Consolidated
Nonaccrual loans	$ 9,816,780	$ 2,883,293	$12,700,073
Accruing Lns 90 Days Overdue	0	935,174	935,174
Troubled Debt Restructured	8,233,698	0	8,233,698
Real Estate Owned	21,229,656	9,831,002	31,060,658
Total Nonperforming Assets	39,280,134	13,649,469	52,929,603
Allowance for Losses	4,118,854	2,566,285	6,685,139
Net Nonperforming Assets	$35,161,280	$11,083,184	$46,244,464
Net Nonperforming Assets/ Total Assets	9.86%	37.20%	12.43%

Although not delinquent at March 31, 1992, nonperforming assets include a troubled debt restructuring of $6.5 million. This total represents a single loan on an apartment project in Melbourne, Florida. The restructuring was completed in April 1990, and the loan has performed in accordance with the contract subsequent to that date.

Regulatory Capital

On November 8, 1989, the OTS published a final rule (which became effective December 7, 1989) implementing the three capital standards set forth in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") (the "Capital Rule"). The Capital Rule requires each savings institution to maintain tangible capital equal to at least 1.5% of its adjusted total assets and core capital equal to at least 3% of its adjusted total assets. At March 31, 1992, the Association's tangible capital and core capital was approximately $18.4 million or 5.15% of adjusted total assets. The Capital Rule further requires each savings institution to maintain total capital equal to at least 7.2% of its risk-weighted assets at March 31, 1992. The required risk-based capital ratio increases to 8% of risk-weighted assets on December 31, 1992. At March 31, 1992, the Association's total capital was $22.5 million or 8.13% of risk-weighted assets.

Asset and Liability Management

The Association, like most other thrifts, is engaged primarily in the business of investing funds obtained from deposits and borrowings into interest-earning loans and investments. Consequently, the Association's earnings depend to a significant extent on its net interest income, which is the difference between the interest earned on loans, mortgage-backed securities and other investments, and the interest paid on deposits and borrowings. The Association is subject to interest rate risk, and corresponding fluctuations in its net interest income, to the extent that its interest-earning assets and interest-bearing liabilities do not mature or reprice at the same time. Because its interest-bearing liabilities generally reprice over a shorter term than do its interest-earning assets, the Association's net interest income will normally decline during periods of rising interest rates and increase during periods of falling interest rates.

Asset/liability management policies are employed in an effort to reduce the Association's exposure to interest rate risk and thereby reduce the volatility of net interest income. The primary goal of these policies is to achieve a reasonable interest rate spread while reducing the repricing imbalance or gap by increasing the interest rate sensitivity and shortening the repricing period of the Association's interest-earning assets and lengthening the repricing period of its interest-bearing liabilities.

In order to increase the interest rate sensitivity of its interest-earning assets, the Association has emphasized the origination of residential conventional mortgage loans with adjustable interest rates and loans with shorter maturities. The Association also sought in recent years to diversify and increase the interest rate sensitivity of its loan portfolio by emphasizing the origination of construction loans for residential properties within its primary market area. Such loans generally provide for contractual maturities within one year or less. Given the level of nonperforming assets in the Association's loan portfolio and the lending limitations which were agreed to in October 1990, the Association has reduced its emphasis on residential construction loans. Although competitive pressures require the Association to offer long-term, fixed rate mortgage loans, most such loans are originated under terms and conditions intended to permit their sale in the secondary market.

The following table summarizes the anticipated maturities or repricing of the Company' interest-earning assets and interest-bearing liabilities as of March 31, 1992, based upon certain estimates and assumptions as to the loan prepayment rates and certain deposit erosion rates which management believes are reasonable based on the Association's experience.

	Maturing or Repricing In (dollars in thousands)			
	1 Year or Less	1 Year thru 4 Yrs	Over 4 Yrs	Total
Interest Earning Assets				
Cash and equivalents	$ 28,901	$ 0	$ 0	$ 28,901
Investments	0	0	7,000	7,000
Mortgage loans				
Fixed rate	25,868	4,454	75,267	105,589
Adjustable rate	81,204	45,239	14,360	140,803
Mortgage-backed securities	0	0	0	0
Other loans				
Consumer/Commercial	6,284	4,854	663	11,801
Line of Credit	5,055	0	0	5,055
Other earning assets	2,254	16	0	2,270
SBA and related loans	18,194	0	0	18,194
TOTAL	$167,760	$54,563	$97,290	$319,613
Interest Bearing Liabilities				
Deposits				
Passbook accounts	$ 4,800	$18,000	$25,191	$ 47,991
Checking accounts	40,684	0	0	40,684
Premium statement accounts	3,803	13,937	20,294	38,034
Certificate accounts	137,410	38,057	2,767	178,234
Borrowings	16,800	0	0	16,800
TOTAL	$203,497	$69,994	$48,252	$321,743
Interest sensitivity gap	$(35,737)	($15,431)	$49,038	
Cumulative interest sensitivity gap	$(35,737)	($51,168)	$ (2,130)	
Cumulative ratio of gap to total assets	(10.02%)	(14.34%)	(0.60%)	

Any analysis of interest sensitivity is representative of a point in time and may not be indicative of results that would actually occur in a volatile interest rate environment.

LIQUIDITY AND CAPITAL RESOURCES

The Company reported a net profit of $100,461 for the first quarter of 1992, which resulted in total stockholders' equity of $18.4 million at March 31, 1992. Book value per share at March 31, 1992 was $8.42, compared with $8.38 at December 31, 1991, and $8.29 at March 31, 1991.

The Association is required under applicable federal regulations to maintain specific levels of "liquid" investments, which include U.S. Government and Federal Agency securities, cash, certificates of deposit as well as other investments. Current regulations require the Association to maintain liquid assets of not less than 5% of its net withdrawable deposit accounts plus short term borrowings. These levels are established by the OTS and are adjusted periodically to reflect current conditions. The Association has generally maintained liquidity in excess of required levels. The Association's regulatory liquidity ratio was 8.90% at March 31, 1992.

At March 31, 1992, the Association had loan commitments outstanding of $2.1 million and GAFC had approved SBA loan commitments outstanding of $2.3 million. On March 31, 1992, the Company had $203.5 million in liabilities maturing during the next 12 months. The Company's principal sources of funds are loan payments and prepayments, whole loan and loan participation sales, net deposit inflows, and borrowings. The Company's management believes that all of its commitments can be met from these sources.

Impact of Inflation and Changing Prices

The consolidated financial statements and notes thereto, presented herein, have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time and due to inflation.

Unlike most industrial companies, substantially all the assets and virtually all of the liabilities of the Company are monetary in nature. As a result, interest rates have a more significant impact on the Company's performance than does the general level of inflation. Over short periods of time, interest rates may not necessarily move in the same direction or in the same magnitude as inflation.

PART II

ITEM 1. Legal Proceedings

The Company is not engaged in any legal proceedings of a material nature at the present time. From time to time, it is a party to legal proceedings in the ordinary course of business wherein it enforces its security interest in loans.

ITEM 2. Changes in Securities

Not applicable.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Submission of Matters to a Vote of Securities Holders

Not Applicable.

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits and Reports on Form 8-K

a. Exhibits - None

b. Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

F.F.O. FINANCIAL GROUP, INC.

Date: May 14, 1992

James B. Davis
Chief Executive Officer and
President

Date: May 14, 1992

Phyllis A. Elam
Senior Vice President and
Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

{X} QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

IG2-2260

For the quarterly period ended March 31, 1992
OR

{ } TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number 0-15846

HealthCare COMPARE Corp.
(Exact name of registrant as specified in its charter)

Delaware	36-3307583
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3200 Highland Avenue, Downers Grove, Illinois 60515
(Address of principal executive offices, Zip Code)

(708)241-7900
(Registrant's phone number, including area code)

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_____
(Former name, former address and former fisca
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No_____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

The number of shares of Common Stock, par value $.01 per share, outstanding on May 6, 1992 was 33,394,217.

HealthCare COMPARE Corp. and Subsidiaries
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PART 1. Financial Information
HealthCare COMPARE Corp. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
Current Assets:		
Cash and cash equivalents.	$ 37,673,000	$ 39,514,000
Accounts receivable, net of allowance for doubtful accounts of $2,650,000 and $2,590,000 respectively.	22,043,000	19,617,000
Income taxes refundable.	4,934,000	1,370,000
Prepaid expenses and supplies.	1,218,000	1,480,000
Total current assets.	65,868,000	61,981,000
Property and Equipment:		
Buildings and improvements.	27,788,000	26,618,000
Computer equipment and software.	14,983,000	14,320,000
Office furniture and equipment.	11,572,000	10,567,000
Equipment under capital lease.	1,560,000	1,560,000
Leasehold improvements.	795,000	764,000
	56,698,000	53,829,000
Less accumulated depreciation and amortization.	(13,497,000)	(12,111,000)
Total property and equipment.	43,201,000	41,718,000
Deferred income taxes.	2,256,000	701,000
Other assets.	281,000	397,000
	$111,606,000	$104,797,000

HealthCare COMPARE Corp. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992 (Unaudited)	December 31, 1991
Current Liabilities:		
Current portion of long-term obligations.	$ 374,000	$ 6,079,000
Accounts payable.	3,522,000	3,248,000
Accrued expenses.	16,384,000	5,871,000
Income taxes payable.	----	381,000
Total current liabilities.	20,280,000	15,579,000
Long-term obligations, net of current portion.	195,000	329,000
Deferred expenses.	175,000	297,000
Total liabilities.	20,650,000	16,205,000
Stockholders' Equity:		
Common stock.	338,000	333,000
Additional paid-in capital.	61,843,000	54,460,000
Receivable for common stock issued.	----	(353,000)
Retained earnings.	30,900,000	36,277,000
Treasury stock, at cost.	(2,125,000)	(2,125,000)
Total stockholders' equity.	90,956,000	88,592,000
	$111,606,000	$104,797,000

HealthCare COMPARE Corp. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months ended March 31,	
	1992	1991
Revenues.	$ 31,393,000	$ 22,026,000
Operating expenses:		
Cost of services.	13,238,000	11,154,000
Selling and marketing.	4,921,000	3,255,000
General and administrative.	2,276,000	2,058,000
Depreciation and amortization.	1,408,000	929,000
Interest income, net.	(523,000)	(788,000)
Merger related restructuring expenses.	16,000,000	----
	37,320,000	16,608,000
Income (loss) before income taxes.	(5,927,000)	5,418,000
Income tax benefit (expense).	550,000	(1,984,000)
Net income (loss)	$ (5,377,000)	$ 3,434,000
Weighted average common and common share equivalents.	35,400,000	34,361,000
Net income (loss) per common share	$ (.15)	$ .10

HealthCare COMPARE Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	$28,835,000	$19,359,000
Cash paid to suppliers and employees	(25,214,000)	(14,437,000)
Interest received, net	595,000	810,000
Income taxes paid	(43,000)	(589,000)
Net cash provided by operating activities	4,173,000	5,143,000
Cash flows from investing activities:		
Purchase of property and equipment	(2,869,000)	(2,141,000)
Net cash used in investing activities	(2,869,000)	(2,141,000)
Cash flows from financing activities:		
Receivable from common stock collections	353,000	---
Principal payment on debt	(5,839,000)	(87,000)
Proceeds from issuance of stock	2,341,000	1,539,000
Net cash provided by (used in) financing activities	(3,145,000)	1,452,000
Net increase (decrease) in cash and cash equivalents	(1,841,000)	4,454,000
Cash and cash equivalents, beginning of period	39,514,000	42,291,000
Cash and cash equivalents, end of period	$37,673,000	$46,745,000
Non-cash investing and finance activities:		
Construction financing	---	694,000
Common stock issued for receivables	---	353,000
Property and equipment acquired for debt	---	4,000

HealthCare COMPARE Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Reconciliation of net income to net cash provided by operating activities:		
Net income (loss).	$(5,377,000)	$ 3,434,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for uncollectible accounts receivable.	60,000	543,000
Depreciation and amortization.	1,408,000	929,000
Deferred expenses.	(122,000)	(42,000)
Deferred income taxes.	(1,555,000)	---
Tax benefit from stock options.	5,047,000	584,000
Other property adjustments.	(22,000)	(52,000)
Changes in assets and liabilities:		
Increase in income taxes refundable.	(3,564,000)	---
Increase in accounts receivable.	(2,486,000)	(2,645,000)
Decrease (increase) in prepaid expenses and supplies.	262,000	(102,000)
Increase in accounts payable.	274,000	96,000
Increase in accrued expenses.	10,513,000	1,514,000
Increase (decrease) in income taxes payable.	(381,000)	811,000
Decrease in other assets.	116,000	73,000
Total adjustments.	9,550,000	1,709,000
Net cash provided by operating activities.	$ 4,173,000	$ 5,143,000

HealthCare COMPARE Corp. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The unaudited financial statements herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. The accompanying interim financial statements have been prepared under the presumption that users of the interim financial information have either read or have access to the audited financial statements for the latest fiscal year ended December 31, 1991. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the December 31, 1991 audited financial statements have been omitted from these interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading it is suggested that these interim financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

2. As previously disclosed in the Company's Annual Report on Form 10-K for fiscal 1991, a wholly owned subsidiary of the Company merged with Occupational - Urgent Care Health Systems, Inc. ("OUCH") in February 1992. The merger was accounted for as a pooling of interests, and accordingly, the consolidated financial statements for the quarter ended March 31, 1991 have been restated to include the accounts of OUCH. A reconciliation of revenues and net income through March 31, 1991 for the separate entities and for the Company and OUCH combined is as follows:

	Three Months Ended March 31, 1991
Revenue:	
Company	$15,538,000
OUCH	6,488,000
Combined	$22,026,000
Net income:	
Company	$ 2,368,000
OUCH	1,066,000
Combined	$ 3,434,000
Earnings per share:	
Company	$ .09
OUCH	.11
Combined	$ .10

HealthCare COMPARE Corp. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

On February 24, 1992, a wholly owned subsidiary of the Company merged with Occupational-Urgent Care Health Systems, Inc. ("OUCH"). The transaction was accounted for as a pooling-of-interests. Therefore, prior periods have been restated to reflect this accounting method. The following discussion and analysis compares the combined results of the Company and OUCH for the three months ended March 31, 1992 and 1991.

In connection with the merger, the Company recorded a one-time charge of $16,000,000 for costs and expenses incurred by the Company and OUCH. This charge includes approximately $5,000,000 for the elimination of duplicate facilities; approximately $4,500,000 of professional and other fees related to the merger; $3,700,000 of severance costs related to the layoff of redundant employees; and $2,800,000 related to the write-off of excess property and equipment.

As a result of this charge the Company's net income was reduced by $11,500,000 or $.32 per share. Certain of these costs and expenses were not deductible for income tax purposes.

Excluding the impact of this one-time charge, net income was $6,123,000 or $.17 per share for the three months ended March 31, 1992 as compared to $3,434,000 or $.10 per share for the same quarter last year.

Revenues for the three months ended March 31, 1992 increased $9,367,000 (43%) from the same period of 1991. The Company's revenues consist of fees for cost management services provided under contracts which typically require clients to pay based upon a percentage of savings or on a predetermined contractual basis (fee-based revenue). The Company also derives revenues on a fixed monthly fee for each participant, excluding covered dependents (capitated revenue), in a client-sponsored health care plan. The fee varies based upon the programs selected.

The following tables set forth information with respect to the types and sources of the Company's revenues for the three months ended March 31, 1992 and 1991:

Types of Revenue
(000's Omitted)

Three Months Ended March 31,

	1992	%	1991	%
Fee-based Revenue	$24,915	79	$15,383	70
Capitated Revenue	6,478	21	6,643	30
Total	$31,393	100%	$22,026	100%

Sources of Revenue
(000's Omitted)

Three Months Ended March 31,

	1992	%	1991	%
PPO and Fee Schedule Services	$23,708	76	$12,705	58
Utilization Management Services	6,470	20	7,284	33
Government Contract Services	1,215	4	2,037	9
Total	$31,393	100%	$22,026	100%

The revenue growth is primarily attributable to the development and expansion of Company's PPO and fee schedule services. To a lesser extent, such growth is a result of the unbundling of existing programs, and, in management's opinion, a continued and growing recognition of utilization review, PPOs fee schedule review and other cost management services as effective methods for controlling health care costs.

Cost of services increased $2,084,000 (19%) for the three months ended March 31, 1992 from the comparable period of 1991. Cost of services consists primarily of salaries for personnel involved in utilization review programs, fee schedule review and PPO administration, development and expansion, telephone expenses, facility expenses and information processing costs. The largest component of the increase in these costs during the three months ended March 31, 1992 relates to increased operating expenses associated with the expansion and development of PPO networks in various locations. The Company currently has hospital networks in place in 41 states, compared to 35 at December 31, 1991 and has 33 outpatient networks in place compared to 28 at December 31, 1991. In addition to the increased cost of services related to the expansion of its PPO networks, the Company has incurred significant expenditures for the expansion of various PPO support functions, including data processing, provider relations and claims administration.

Selling and marketing costs increased $1,666,000(51%) for the three months ended March 31, 1992 from the comparable period of 1991, primarily as a result of the hiring and training of new sales and marketing staff members. In addition, the Company incurred significant advertising and promotional expenses in connection with the development and expansion of its PPO services. General and administrative costs increased $218,000 (11%) for the three months ended March 31, 1992 from the comparable period of 1991, primarily due to the addition of staff members in the executive, accounting and administrative areas.

Depreciation and amortization expenses increased $479,000 (52%) for the three months ended March 31, 1992 from the comparable period of 1991, principally as a result of the purchase of the Company's corporate headquarters, the construction and development of OUCH's new headquarters, additional computer hardware and software, office equipment and leasehold improvements in connection with the growth of the Company's PPO business.

Interest income, net for the three months ended March 31, 1992, decreased $265,000 (34%) from the comparable period in 1991 due to the decrease in interest rates.

Primarily as a result of the growth in revenues from the Company's PPO and fee schedule review services at a more rapid pace than related expenses, and the trends and factors discussed above, total operating expenses as a percentage of revenue for the three months ended March 31, 1992 decreased to 68% (excluding merger related restructuring expenses) from 75% compared to the comparable period of 1991.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $45,588,000 in working capital at March 31, 1992 compared with $46,402,000 of working capital at December 31, 1991. Cash and cash equivalents decreased to $37,673,000 at March 31, 1992 from $39,514,000 at December 31, 1991, primarily as the result of debt payments.

The Company believes that cash generated from future operations, together with the unexpended proceeds of its public stock offerings in 1987 and 1988, a 1989 arbitration award, and the Company unused $5,000,000 bank line of credit will be sufficient to fund the Company's operations and its anticipated expansion for at least the next 12 to 24 months.

PART II

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 11 - Computation of Earnings Per Common Share

(b) The Company filed a Current Report on Form 8-K dated March 3, 1992 pursuant to which it reported under Item 2 that a wholly owned subsidiary of the Company completed a merger with Occupational Urgent Care Health Systems, Inc. (OUCH). The financial statements of OUCH, certain proforma financial information and various exhibits related to the merger were filed as exhibits to such Form 8-K in accordance with the requirements of Item 7 of Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HealthCare COMPARE Corp.

Dated: May 11, 1992

James C. Smith

James C. Smith
President and Chief Executive Officer

Dated: May 11, 1992

Joseph E Whitters

Joseph E. Whitters
Chief Financial Officer
(Principal Financial and Accounting Officer)

Health Care COMPARE Corp. and Subsidiaries **EXHIBIT 11**

COMPUTATION OF EARNINGS PER COMMON SHARE

(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net income (loss)	$(5,377,000)	$ 3,434,000
Weighted average number of common shares outstanding:		
Shares outstanding from beginning of period	24,039,000	23,406,000
Issuance of common stock for 100% of the outstanding common stock of OUCH effective February 24, 1992 retroactive to the beginning of the period	9,285,000	8,736,000
Other issuances of common stock	454,000	452,000
Common stock equivalents:		
Additional equivalent shares issuable from assumed exercise of common stock options	1,622,000	1,767,000
Weighted average common and common share equivalents	35,400,000	34,361,000
Net income (loss) per common share	$ (.15)	$ .10

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

X Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 1992 or

JQ2-22603

____ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______ to ______

Commission File Number ~~0-19096~~ C-K741

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LESLIE'S POOLMART
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	93-0976447 (I.R.S. Employer Identification No.)
20222 Plummer St. Chatsworth, California (Address of principal executive offices)	91311 (Zip Code)

(818) 993-4212
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ____

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ____ No ____

Applicable only to corporate issuers:

As of May 1, 1992, the number of outstanding shares of the Registrant's common stock was 5,530,374 shares.

This Report on Form 10-Q contains 13 pages.
This Report on Form 10-Q contains no exhibits or index to exhibits.

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

LESLIE'S POOLMART

BALANCE SHEET
(IN THOUSANDS)

	MARCH 31, 1992 (UNAUDITED)	DECEMBER 31, 1991
ASSETS		
CASH	$ 65	$ 32
RECEIVABLES, NET	434	351
INVENTORIES	25,280	14,815
PREPAID EXPENSES	1,113	1,125
DEFERRED INCOME TAX CHARGE	1,855	---
TOTAL CURRENT ASSETS	28,747	16,323
PROPERTY, PLANT AND EQUIPMENT, NET	15,925	13,684
GOODWILL, NET	3,272	2,605
OTHER ASSETS	555	428
	$ 48,499	$ 33,040
LIABILITIES AND SHAREHOLDERS' EQUITY		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 20,699	$ 6,497
LINE-OF-CREDIT BORROWINGS	6,716	3,300
CURRENT PORTION OF LONG-TERM DEBT	215	65
CURRENT PORTION OF COVENANT LIABILITY	173	173
INCOME TAXES	129	135
TOTAL CURRENT LIABILITIES	27,932	10,170
DEPOSITS ON CONTAINERS	236	272
DEFERRED INCOME TAXES	2,810	2,810
LONG-TERM DEBT, NET OF CURRENT PORTION	795	378
COVENANT LIABILITY, NET OF CURRENT PORTION	1,132	1,043
7½% CONVERTIBLE NOTES	2,767	2,767
SHAREHOLDERS' EQUITY		
COMMON STOCK	21,216	21,207
ACCUMULATED DEFICIT	(8,389)	(5,607)
TOTAL SHAREHOLDERS' EQUITY	12,827	15,600
	$ 48,499	$ 33,040

[illegible]

LESLIE'S POOLMART

STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARES AND PER SHARE DATA)

	Three Months Ended March 31,	
	1992	1991
SALES	$10,443	$10,296
COST OF SALES	6,935	6,913
GROSS PROFIT	3,508	3,383
SELLING, GENERAL &ADMINISTRATIVE EXPENSES	7,781	6,622
AMORTIZATION OF ACQUISITION COSTS	152	362
LOSS FROM OPERATIONS	(4,425)	(3,601)
OTHER EXPENSE		
INTEREST EXPENSE	212	765
AMORTIZATION OF DEFERRED LOAN FEES	---	102
LOSS BEFORE INCOME TAXES	(4,637)	(4,468)
INCOME TAX BENEFIT	1,855	1,742
NET LOSS	$(2,782)	$(2,726)
NET LOSS PER SHARE OF COMMON STOCK	$ (.48)	$ (.72)
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AND COMMON STOCK EQUIVALENTS	5,770,134	3,763,960

SEE ACCOMPANYING CONDENSED NOTES TO FINANCIAL STATEMENTS.

LESLIE'S POOLMART

STATEMENTS OF CASH FLOW
(UNAUDITED)
(IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
NET LOSS	$ (2,782)	$ (2,726)
ADJUSTMENTS TO DERIVE CASH FLOW FROM OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	522	694
NET INCREASE IN RECEIVABLES, INVENTORY AND PAYABLES	3,618	2,450
OTHER, NET	(151)	85
DEFERRED INCOME TAX CHARGE	(1,855)	(1,743)
NET CASH USED IN OPERATING ACTIVITIES	(618)	(1,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
BUSINESS ACQUISITION	(140)	---
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(2,647)	(898)
NET CASH USED IN INVESTING ACTIVITIES	(2,787)	(898)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET LINE-OF-CREDIT BORROWINGS	3,416	2,562
PAYMENTS OF LONG-TERM DEBT	(23)	(396)
DEFERRED OFFERING COSTS	---	(26)
ISSUANCE OF COMMON STOCK	9	--
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,402	2,140
NET INCREASE IN CASH	33	2
CASH AT BEGINNING OF PERIOD	32	42
CASH AT END OF PERIOD	$ 65	$ 44

SEE ACCOMPANYING CONDENSED NOTES TO FINANCIAL STATEMENTS

LESLIE'S POOLMART

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992

(1) Presentation of Financial Information

The financial statements included herein have been prepared by Leslie's Poolmart ("Registrant" or the "Company"), without audit, and include all adjustments of a normal recurring nature which are, in the opinion of management, necessary for a fair presentation of the results of operations for the three-month period ended March 31, 1992 and 1991 pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures in these financial statements are adequate to make the information presented not misleading.

The following material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" is written with the presumption that the users of the interim financial statements have read or have access to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 26, 1992. This document contains the latest audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 1991 and for the year then ended. The results of operations for the three months ended March 31, 1992 and 1991 are not necessarily indicative of the results for a full year.

(2) Organization and Operations

Leslie's Poolmart is a specialty retailer of swimming pool supplies and related products. The Company markets its products under the trade names *Leslie's Swimming Pool Supplies* and *Pool Club - USA* through 130 retail stores in 26 states as of May 2, 1992 and through mail order catalogs sent to selected swimming pool owners. The Company also manufactures certain plastic products and repackages certain bulk chemical products for retail sale. The Company's business is highly seasonal as the majority of its sales (76% in 1991 and 1990) and all of its operating profits are generated in the second and third quarters.

In September 1988, LP Acquisition Corporation ("LPAC") entered into an agreement to acquire the business of Leslie's Poolmart (the "Predecessor Corporation") in a transaction accounted for as a purchase for financial reporting purposes (the "Acquisition"). Following the purchase by LPAC of all the outstanding shares of stock of the Predecessor Corporation, the Predecessor Corporation merged with LPAC, with LPAC surviving as the reporting entity. LPAC then changed its name to Leslie's Poolmart.

In addition, the former owners entered into consulting and/or noncompetition agreements with LPAC which amounts are being accrued and expended ratably over the five-year period covered by the agreements. (See Results of Operations)

The operating results of the Company subsequent to the acquisition take into account the revised asset values as well as other costs and arrangements associated with the transaction.

(3) Initial Public Offering

On April 26, 1991, the Company closed its initial public offering of 2,525,000 shares of its common stock at a price to the public of $11.00 per share. Of the 2,525,000 shares offered, 2,000,000 shares were sold by the Company and 525,000 shares (or options to purchase shares, subsequently exercised by the underwriters) were sold by the Company's selling shareholders.

The total net proceeds received by the Company were approximately $19.4 million.

The Company applied all of its net proceeds from its sale of common stock to retire the principal amount due under its senior bank debt and to pay down its working capital loan.

(4) Inventories

Inventories are stated at cost, which is not in excess of market. Cost is determined on the last-in, first-out (LIFO) basis.

Inventories consist of the following:

	March 31	
	1992	1991
Raw materials and supplies	$ 1,734	$ 1,216
Finished goods	23,546	18,235
Total Inventories	$ 25,280	$ 19,451

(5) Goodwill

The excess of the Acquisition price over the fair value of the net assets at the date of Acquisition is included in the accompanying balance sheets as "Goodwill." Goodwill is being amortized (straight-line) over a forty-year period.

(6) Income Taxes

The Company provides for deferred income taxes relating to timing differences in the recognition of income and expense items (primarily depreciation and amortization) for financial and tax reporting purposes.

As a result of the Acquisition described in Note 2, differences between the tax basis and the financial reporting basis of various assets were created; taxes related to these differences were provided in accordance with Financial Accounting Standards Board (FASB) Statement No. 96. The tax benefits reflected in the March 1992 and 1991 results of operations and the deferred tax charges reflected in the corresponding balance sheets result from the recording of tax benefits related to interim losses which are expected to reverse in the second and third quarters. This deferred tax charge is not an asset that will be realized as a refund; it will be offset by a tax provision in the second and third quarters.

(7) Deposits on Containers

Deposits on containers represent refundable amounts received from customers for reusable containers. Deposits on containers which are expected to be refunded within one year are included in accrued liabilities in the accompanying balance sheets.

(8) Cost of Sales

Included in cost of sales are the costs of services and purchased goods, direct manufacturing and chemical repackaging costs, and store occupancy costs.

(9) Contingencies

The Company is self-insured with respect to its general liability insurance program up to $100,000 and its employee group medical program up to $35,000 per insured per year, after which the benefits are covered by insurance. Provisions for group medical claims under the self-insurance program are accrued by the Company based on the estimated aggregate liability for both known and incurred but not reported claims.

(10) Calculation of Per Share Amounts

Loss per share calculations for all periods are based upon the weighted average number of common shares outstanding adjusted to give effect to 239,760 common shares subject to stock options at exercise prices of $1.00 per share or less.

(11) In February 1992, the Company acquired substantially all of the assets of its only two previously franchised retail stores for a total purchase price of $730,000, consisting of cash and a $590,000 three-year obligation bearing interest at 7½%. In connection with the acquisition, assets acquired and liabilities assumed were as follows:

Fair value of assets acquired:	$799,000
Less: Cash paid	140,000
Liabilities assumed including note payable issued	$639,000

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEASONALITY AND QUARTERLY FLUCTUATIONS

The Company's business exhibits substantial seasonality which the Company believes is typical of the swimming pool supply industry. In general, sales and net income are highest during the second and third fiscal quarters which represent the peak months of swimming pool use. Sales are substantially lower during the first and fourth quarters when the Company will typically incur net losses. The principal external factor affecting the Company's business is weather. Hot weather and the higher frequency of pool usage in such weather create a need for more pool chemicals and supplies. Unseasonably early or late warming trends can increase or decrease the length of the pool season. In addition, unseasonably cool weather and/or extraordinary amounts of rainfall in the peak season decrease swimming pool use.

The Company expects that its quarterly results of operations will fluctuate depending on the timing and amount of revenue contributed by new stores and, to a lesser degree, the timing of costs associated with the opening of new stores. The Company attempts to open its new stores primarily in the first quarter in order to position itself for the following peak season.

RESULTS OF OPERATIONS

Overview

Leslie's Poolmart is the leading national specialty retailer of swimming pool supplies and related products. At March 31, 1992, the Company marketed its product through 125 Company-owned retail stores in 26 states and through a nation-wide mail order catalog. Leslie's is vertically integrated and operates a chemical repackaging facility in Los Angeles, California, a plastics manufacturing facility in Chatsworth, California, and supplies its retail stores from two distribution facilities located in Chatsworth, California, and Dallas, Texas.

The Company historically incurs a net loss in its first quarter. For the quarter ended March 31, 1992, sales increased 1.4% to $10,443,000, up from $10,296,000 last year. The net loss for the quarter ended March 31, 1992 was $2,782,000 or $.48 per share, compared to $2,726,000 or $.72 in the same period last year. The weighted average shares outstanding for the current period were approximately 2,000,000 shares higher than the same period last year as a result of the Company's initial public offering in April, 1991.

1992 compared to 1991:

	Sales (In thousands) 1992	Sales (In thousands) 1991
Retail stores	$ 9,285	$ 8,737
Mail order catalog	722	903
Other	436	656
	$10,443	$10,296

Retail store sales increased 6.3% to $9,285,000 in 1992 from $8,737,000 in 1991 due to an increase in the total number of stores in operation from 91 at March 31, 1991 to 125 at March 31, 1992. Comparable store sales declined 7.0% in the current period principally as a result of generally poor spring weather, including heavy rainfall in the Western and South Central regions and considerably lower temperatures in the Midwest and Northeast areas compared to the same period in 1991. Catalog sales for the quarter ended March 31, 1992 were $722,000, a decrease of 20% from $903,000 for the prior year. The decline in mail order sales in the first quarter of 1992 results from a somewhat later mailing of the Company's spring mail order catalog and the severe weather experienced in historically productive mail order areas in the country. Small dollar differences in mail order sales (1991 annual mail order sales were $9,206,000) in the first quarter are not usually significant since the first quarter historically represents only 9% to 11% of total annual mail order sales. Similarly, retail sales in the first quarter historically represents only 12% of annual retail sales.

Other revenue, consisting mostly of service department and franchisee sales in 1991, decreased $220,000 because of the acquisition of the franchisee stores (Note 11) in February 1992 and the unusually heavy rainfall in Southern California and Texas which kept the Company's service technicians out of the field much of the quarter.

Gross profit was $3,508,000, or 33.6% of sales, for the quarter ended March 31, 1992 as compared to $3,383,000, or 32.9% of sales, for the quarter ended March 31, 1991. The increase in gross profit margin was primarily due to lower advertising markdowns taken in the first quarter of 1992 compared with 1991 resulting in higher overall product margins. Higher product margins were offset for the most part by higher store occupancy costs as a percentage of sales due to the significant number of new stores opened or acquired in the first quarter of 1992. Gross profit margins are usually lower for the first three months of the year compared to the year as a whole due to product sales mix plus the absorption of relatively fixed manufacturing and occupancy costs over lower seasonal sales volumes. Since sales for new stores are initially lower than average, occupancy costs for these new stores may temporarily impact gross margin for periods following the opening of a large number of new stores.

Selling, general and administrative expenses increased in 1992 primarily as a result of increased wages and advertising expenses associated with the opening of 21 new stores during the period compared with eight stores opened in the same period in 1991 and our expansion into the commercial side of the swimming pool supply business. Because of the seasonality of the Company's business, with approximately three-fourths of its revenue occurring in the second and third quarters of the year, relatively fixed selling, general and administrative expenses are a much higher percentage of sales in the first quarter than for the year as a whole.

Interest expense declined $553,000 to $212,000 in 1992 compared to $765,000 in 1991 principally due to the repayment of substantially all of the Company's long-term debt from the proceeds of its initial public offering in April 1991 and to lower interest rates.

Amortization of acquisition costs, which represents the amortization of covenants not to compete and goodwill, was lower in 1992 than the comparable period in 1991 as a result of the covenant termination discussed below. This amortization is expected to be approximately $150,000 per quarter through the fourth quarter of 1993, at which time the remaining covenant will be fully amortized.

In conjunction with the Company's initial public offering, one of the former owners of the Company agreed to terminate his consulting and covenant not to compete arrangements in consideration of the issuance to him and his former spouse of the Company's 7½% convertible notes in the aggregate principal amount of $2,767,000. The notes are convertible into shares of the Company's common stock at $13.20 per share and are due and payable on December 31, 1993.

The Company's net loss in the first quarter of 1992 increased to $2,782,000 compared to $2,726,000 in the first quarter of 1991. The increased loss is principally attributable to an increase in selling, general and administrative expenses, offset by a slightly higher gross profit margin and decreased interest and amortization expense.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Changes in Financial Condition

Between December 31, 1991 and March 31, 1992, total current assets increased $12,424,000 from $16,323,000 to $28,747,000. The principal component of this variance was inventory, which increased $10,465,000 from $14,815,000. The inventory increase is consistent with the first quarter of prior years and relates to the build-up in preparation for the peak selling season during the second and third quarters and to the inventory requirements of new stores. The increase in current assets also includes a deferred income tax charge of $1,855,000 resulting from the recording of tax benefits related to interim losses which are expected to reverse in the second and third quarters. This deferred tax charge is not an asset that will be realized as a refund; it will be offset by a tax provision in the second and third quarters.

Total current liabilities increased $17,762,000 between December 31, 1991 and March 31, 1992. The increase is due principally to a $14,202,000 increase in accounts payable and accrued liabilities from $6,497,000 to $20,699,000 resulting from trade payables for the inventory increase referred to above and favorable dating terms extended by vendors. Additionally, consistent with prior first quarters, line of credit borrowings increased $3,416,000 from $3,300,000 to $6,716,000 as a result of financing requirements for the quarter and the expenses incurred in connection with the Company's expansion through the opening or acquisition of additional stores.

Liquidity and Capital Resources

For the quarter ended March 31, 1992, net cash used in operating activities was $648,000 compared with $1,240,000 in the first quarter of the prior year. For the quarter ended March 31, 1992, cash used by investing activities was $2,787,000 compared with cash used of $898,000 in the first quarter of the prior year. This increase was primarily the result of greater capital expenditures associated with the opening, or preparation for opening, of a total of 26 new stores in 1992 as compared with a total of 19 new stores in 1991 and the acquisition described in Note 11. Cash provided by financing activities increased to $3,402,000 compared with $2,140,000 in the first quarter of 1991 and relates primarily to higher borrowings during the period.

The Company's line of credit facility provides for borrowings of up to $7,000,000. An over-advance commitment of $750,000 beyond this stated limit has been obtained for the period between February 1 and June 30, 1992. Interest accrues at ½% over the lender's reference rate (6.5% at March 31, 1992) and matures on October 1, 1993.

The Company believes that its internally generated funds, as well as its borrowing capacity, are adequate to meet its working capital needs and capital expenditure requirements, including those relating to the opening of new stores.

PART II. OTHER INFORMATION

No items contained in this part are applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LESLIE'S POOLMART

Date: May 6, 1992

Hugh O. Pierce
Executive Vice President and
Chief Financial Officer

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-10303

OHIO BANCORP
(Exact name of registrant as specified in its charter)

OHIO (State or other jurisdiction of incorporation or organization)	34-1298472 (I.R.S. Employer Identification no.)
801 Dollar Bank Building Youngstown, Ohio (Address of principal executive office)	44503 (Zip Code)

(216) 744-2093
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES_X_ NO __

Common Stock (No Par-Stated Value $2.25) 7,068,934 shares issued and 6,967,501 shares outstanding as of March 31, 1992.

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OHIO BANCORP AND SUBSIDIARIES

PAGE NO.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

The following statements included on pages 4 through 9 in the quarterly report to shareholders (Exhibit 20) are herein incorporated by reference:

The Consolidated Balance Sheets as of March 31, 1992, December 31, 1991 and March 31, 1991

The Consolidated Statements of Income for the Three Months Ended March 31, 1992 and 1991

Notes to Financial Statements

Consolidated Statements of Cash Flows - Three Months Ended March 31, 1992 and 1991 3

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PART II OTHER INFORMATION

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Item 4. Submission of Matters to a Vote of Security Holders
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PART I FINANCIAL INFORMATION

OHIO BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net Income	$ 4,523	$ 4,213
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Amortization of Premiums and Accretion of Discounts on Bonds	214	(132)
Provision for Loan Losses	1,630	1,658
Depreciation and Amortization	677	623
Increase in Accrued Interest and Other Assets	(9,409)	(4,609)
Decrease in Accrued Expenses and Other Liabilities	(200)	(232)
Net Deferral and Amortization of Loan Origination Fees & Expenses	163	222
Gains on Sales of Investment Securities	(18)	(159)
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	(2,420)	1,584
INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investment Securities	72,012	49,528
Purchases of Investment Securities	(84,862)	(65,912)
Increase in Credit Card and Other Short-term Loans	(961)	(701)
Repayments on Longer-term Loans	108,664	102,312
Longer-term Loans Originated or Acquired	(99,963)	(81,828)
Purchases of Premises and Equipment	(364)	(684)
Cash Acquired in Acquisition		3,316
NET CASH PROVIDED(USED) BY INVESTING ACTIVITIES	(5,474)	6,031
FINANCING ACTIVITIES:		
Increase (Decrease) in Demand, Savings & NOW Account Deposits	39,931	(10,708)
Decrease in Time Deposits	(38,559)	(8,471)
Decrease in Repurchase Agreements	(10,942)	(5,423)
Sales of Treasury Shares	211	
Decrease in Borrowed Funds	(15,478)	(4,641)
Cash Dividends Paid	(1,672)	(1,631)
NET CASH USED BY FINANCING ACTIVITIES	(26,509)	(30,874)
Decrease in Cash and Cash Equivalents	(34,403)	(23,259)
Cash and Cash Equivalents at Beginning of Year	193,074	178,693
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 158,671	$ 155,434

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for:		
Interest	$ 18,413	$ 20,884
Income Taxes	$ 330	$ 900

PART I FINANCIAL INFORMATION

OHIO BANCORP AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EARNINGS OVERVIEW

Ohio Bancorp's net income for the first quarter of 1992 was a record $4,523,000, an increase of 7.4% over the $4,213,000 posted for the first quarter of 1991. Average earning assets of $1.621 billion for the three months ended March 31, 1992 was 5.0% and 1.6% greater than the $1.543 billion and $1.595 billion in the first quarter of 1991 and year ended December 31, 1991, respectively. Continued improvement in net interest income was the primary determinant for the record quarterly earnings. Return on average assets was 1.06% for the first quarter 1992 versus 1.04% for the first quarter of 1991.

NET INTEREST INCOME

(Fully taxable equivalent basis)

	THREE MONTHS ENDED MARCH 31, 1992			1991		
	(In thousands)					
	AVERAGE BALANCE	INTEREST	RATE[1]	AVERAGE BALANCE	INTEREST	RATE[1]
Loans	$ 892,150	$ 22,020	9.95%	$ 890,825	$ 23,333	10.57%
Securities	639,023	12,904	8.08	562,568	12,372	8.80
Federal Funds Sold	89,788	890	4.02	89,870	1,426	6.43
Total Earning Assets	$1,620,961	35,814	8.88	$1,543,263	37,131	9.68
Deposits	$1,275,043	16,517	5.25	$1,221,136	19,440	6.46
Other	113,242	1,235	4.39	107,861	1,687	6.30
Total Interest Bearing Funds	$1,388,285	17,752	5.18	$1,328,997	21,127	6.44
Net Interest Income		$ 18,062			$ 16,004	
Interest Spread			3.70%			3.24%
Interest Margin			4.44%			4.13%

---

[1] Interest rates are annualized.

Net interest income on a fully taxable equivalent basis (FTE) increased 12.9% to $18.1 million for the first quarter of 1992 versus the same period in 1991. The increase in net interest margin to 4.44% for the first quarter 1992 was the result of a larger spread between the yield on earning assets and rates paid on liabilities, as the lower lending rates and substantially lower federal funds rates were more than offset by the continued decline of rates paid on liabilities.

The softness in the economy has continued to depress lending activity despite the lower available rates. Ohio Bancorp's average loan portfolio of $892.1 million is just a fraction of a percent higher than the first quarter of 1991. This lack of growth was accompanied by a much lower prime rate (6.5%) in 1992 versus the first quarter of 1991 (9.0% to 9.5%). The result was a decrease in loan interest income (FTE) from $23.3 million to $22.0 million. Average total loans decreased $11.6 million from December 31, 1991 to March 31, 1992 or 1.3%. Investment Securities also experienced lesser yields (72 basis points), but substantially higher average invested balances in 1992 versus 1991. The investment portfolio continues to absorb the deposit growth not funneled into lending avenues. Total interest income (FTE) in 1992 was $35.8 million compared to $37.1 million in 1991, a decrease of 3.5%. Average Interest Bearing funds increased $59.3 million or 4.5%. However, accompanied by a 126 basis point decrease in the cost of funds, total interest expense decreased $3.4 million or 16.0% from the first quarter of 1991 to 1992. The cost of funds will continue to drop in the second quarter of 1992 as consumer certificates reprice at the lower available rates, and further reductions are made to rates paid on other core deposit accounts.

NONINTEREST INCOME AND NONINTEREST EXPENSES

Noninterest income of $3,214,000 for the three months ended March 31, 1992 was higher by $88,000 or 2.8% than the same period in 1991. A majority of the improvement is attributable to service charge increases, up 10.3%. Investment Securities Gains declined from $159,000 in 1991 to $18,000 in 1992.

Noninterest expenses for the three months ended March 31, 1992 increased 15.2% from $11,052,000 to $12,736,000. The "Other" category, which increased 20.4%, includes the premiums paid to the Federal Deposit Insurance Corporation ("FDIC") for deposit insurance, for which the rates are up 18% over those paid in the first quarter of 1991. Salaries and employee benefits were up 12.3% as the number of full time equivalent employees increased from 1,072 to 1,098. Several of the staff increases were officer level positions in the subsidiaries. Total Expenses or "overhead" were 2.96% of average assets for the first quarter of 1992 versus 2.70% for the first quarter of 1991 and 2.82% for the year ended December 31, 1991.

Settlement negotiations have progressed relating to the litigation described in Part II, Item 1 of this Quarterly Report on Form 10-Q. At the present time, preliminary results indicate that any settlement will not have a material effect on 1992 results of operations.

ASSET QUALITY

The following is a summary of the allowance for loan losses:

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Balance at beginning of year	$ 19,663	$ 11,428
Loans charged off	(1,947)	(2,625)
Recoveries of amounts charged off	692	735
Provision for loan losses	1,630	1,658
Allowance acquired through acquisition	-0-	4,800
Balance at end of period	$ 20,038	$ 15,996

Net charge-offs as a percentage of average loans (annualized) were .56% and .85% for the quarters ended March 31, 1992 and 1991, respectively. The allowance as a percentage of total loans was 2.25% at March 31, 1992 versus 2.18% at December 31, 1991 and 1.74% at March 31, 1991. Non-performing assets for the same periods were as follows:

	1992	1991	
	March 31	December 31	March 31
Non-accrual loans	$ 11,125	$ 9,425	$ 12,012
Loans 90 days or more past due	8,485	10,299	7,998
Other real estate	1,252	1,308	502
Total	$ 20,862	$ 21,032	$ 20,512
Percent of period-end loans	2.34%	2.34%	2.23%

The allowance for loan losses amounts to 96.05% of non-performing assets at March 31, 1992 compared to 93.49% at December 31, 1991 and 77.98% at March 31, 1991. The improvement in this non-performing loan coverage has been the result of a change in focus within the Company with regard to its perception of the more stringent regulatory environment and the current economic recession. A result of this change has been an effort to expand the loan review function to include unification of this function at the holding company level under the guidance of a new credit administration executive. The Company continues to assess the risk in its loan portfolio on an ongoing basis and to adjust the provision for loan losses accordingly. The Corporation's loan portfolio contains no foreign loans or industry concentrations.

CAPITAL RESOURCES AND LIQUIDITY

The Corporation's equity-to-assets ratio was 8.21% at March 31, 1992 compared to 7.93% at December 31, 1991 and 8.05% at March 31, 1991. The retention of net income after the payment of dividends is the major contributor to this healthy measurement. At the same time, dividend payments represented 37.0%, 53.9% and 38.7% of net income for each of the above periods, respectively.

The Company as a consolidated entity is regulated by the Federal Reserve Board ("FRB"), specifically the FRB of Cleveland. Each of the Company banking subsidiaries is regulated by the Ohio Division of Banks. The FRB, or in the case of a non-Fed member bank, the FDIC alternatively regulates the subsidiary banks. The Florida non-bank subsidiary is regulated by both the Florida Department of Banking and Finance and the FRB of Atlanta.

Regulators of the banking industry focus primarily on two measurements of capital - the risk-based capital ratio and the leverage ratio. The following table presents the Company's regulatory capital ratios at March 31, 1992 compared to the fully phased-in 1992 requirements:

	Ohio Bancorp	1992 Requirement
Tier I Capital:		
Shareholders' Equity	$141,448	
Less Goodwill	4,251	
	137,197	
Tier II Capital:		
Allowable Allowance for Loan Losses	12,359	
Allowable Convertible Debentures	21,795	
	34,154	
TOTAL CAPITAL	$171,351	
Risk Adjusted Assets	$981,031	
Risk-Based Capital Ratios:		
Tier I	13.98%	4.00%
Total	17.47%	8.00%
Laverage Ratio	7.96%	3.00%

If circumstances occur in the future whereby Ohio Bancorp or any of its banking subsidiaries fail to meet the risk-based or leverage capital requirements, it exposes the Company and/or its subsidiaries to possible regulatory administrative actions or agreements, including limitations on asset growth, restrictions on operations, restrictions on payment of dividends, and mandated disposition of assets, among others which the regulatory agencies may deem appropriate. Furthermore, the FDIC has issued guidelines stating that an insured depository institution with a leverage ratio of less than 2% will be deemed to be operating in an unsafe and unsound condition. Failure to meet the FDIC 2% leverage ratio could result in the FDIC taking action it deems necessary to protect the Bank Insurance Fund.

Although the Company and its banking subsidiaries exceed all of the regulatory capital requirements, one banking subsidiary entered into an informal agreement with the Ohio Division of Banks subsequent to a 1991 examination. The banking subsidiary agreed to obtain an independent evaluation of policy-making management and to implement various lending policies and procedures. Progress on these matters will be reported quarterly to the regulatory agency until such time policies are fully implemented and the agency terminates the agreement. There are no financial related provisions in the agreement.

Ohio Bancorp, through its banking affiliates, has maintained sufficient liquidity levels to meet customer demands as is evident from the 59.9% loan-to-deposit ratio at March 31, 1992. Deposit growth, although moderate, has been steady and accompanied by the equity growth, provides a strong core of liquidity. Management has thu intent and ability to hold investment securities to maturity.

PART II OTHER INFORMATION
OHIO BANCORP AND SUBSIDIARIES

ITEM 1 - LEGAL PROCEEDINGS

As Ohio Bancorp has previously reported, Ohio Bancorp and The Trumbull Savings and Loan Company ("Trumbull") are currently involved in litigation related to the Agreement and Plan of Merger dated as of June 19, 1990 (the "Agreement") by and between Trumbull and Ohio Bancorp providing for the acquisition of Trumbull by Ohio Bancorp subject to the satisfaction of various conditions.

On December 19, 1990, Ohio Bancorp filed a complaint for declaratory judgement against Trumbull in the Court of Common Pleas for Mahoning County, Ohio requesting rulings regarding Ohio Bancorp's rights and duties under the Agreement. Trumbull filed a motion to dismiss the action, which was granted on September 19, 1991. That decision is currently on appeal.

On December 20, 1990, Trumbull filed a complaint against Ohio Bancorp in the Court of Common Pleas for Trumbull County, Ohio alleging breach of contract and defamation by Ohio Bancorp. After some discovery, the parties jointly asked the Court to stay the litigation, to permit settlement discussions to take place. That motion was granted on November 25, 1991.

The parties have engaged in settlement negotiations. In the event that settlement negotiations are unsuccessful, management will vigorously defend this action. As of May 6, 1992, the Company believes an agreement in principle on a settlement between the parties has been reached, although a definitive agreement has not yet been executed.

ITEMS 2 THROUGH 5

For the period covered by this Form 10-Q, there is no reportable data for these items.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

	Page
(a) Exhibits:	
Exhibit 11 - Statement Re: Computation of Earnings per share	10
Exhibit 20 - Quarterly report to Shareholders	

(b) During the three months ended March 31, 1992, the Company filed a current Report on Form 8-K, dated January 14, 1992, to report changes in registrant's certifying accountant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OHIO BANCORP

Date May 14, 1992

David J. Lucido,
Vice President & Comptroller

Carl A Nunziato

Date May 14, 1992

Carl A. Nunziato,
Executive Vice President & Secretary

PART II EXHIBIT 11

OHIO BANCORP AND SUBSIDIARIES

STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE

	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
Primary:		
Average Shares Outstanding[1]	6,960,965	6,992,435
Net Income	$ 4,522,594	$ 4,213,442
Earnings Per Share	$ .65	$ .60
Fully Diluted:		
Average Shares Outstanding[1]	6,960,965	6,992,435
Assumed conversion of 7-3/4% convertible subordinated debentures[1]	1,021,641	1,021,641
TOTALS	7,982,606	8,014,076
Net Income	$ 4,522,594	$ 4,213,442
Add 7-3/4% convertible subordinated debenture interest, net of federal income tax effect	278,703	278,703
TOTALS	$ 4,801,297	$ 4,492,145
Earnings Per Share	$ .60	$ .56

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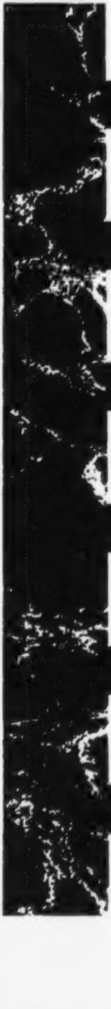
[1] Adjusted for the three-for-two stock split effective May 15, 1992.

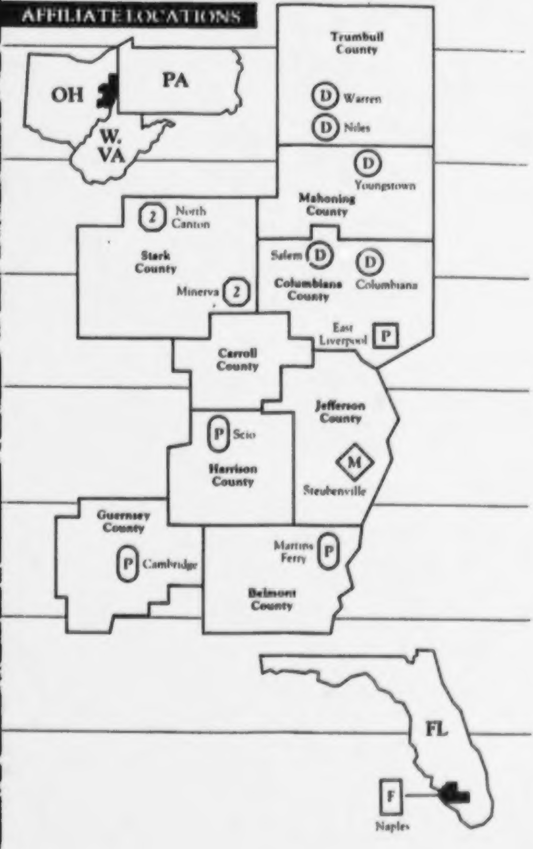


FIRST QUARTER REPORT TO SHAREHOLDERS

1992

OHIO BANCORP

AFFILIATE LOCATIONS


OH
PA
W. VA
Trumbull County
D Warren
D Niles
D Youngstown
Mahoning County
2 North Canton
Stark County
Minerva 2
Salem D
D Columbiana
Columbiana County
East Liverpool P
Carroll County
Jefferson County
M Steubenville
P Scio
Harrison County
Guernsey County
P Cambridge
Martins Ferry P
Belmont County
FL
F Naples

The Dollar Savings and Trust Company
Youngstown, Ohio

The Potters Bank and Trust Company
East Liverpool, Ohio

The Miners and Mechanics Savings and Trust Company
Steubenville, Ohio

Bank 2000
Minerva, Ohio

Peoples Banking Company
Martins Ferry, Ohio

Florida Trust Services of Ohio Bancorp
Naples, Florida

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Consolidated Statements of Income 6

Consolidated Statements of Changes in Shareholders' Equity, Notes 8

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Directors 14

Stock Performance and Dividends, Reference Chart 15

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Reference Charts 17

TO OUR SHAREHOLDERS

Your Ohio Bancorp is providing this unaudited report to inform you of our financial progress and activities for the first quarter of 1992. This brief letter will highlight some of the financial and management issues of the quarter. I would recommend that you also examine the financial information included on the following pages.

I am pleased to report to you that the net income for the first quarter of 1992 breaks all records for quarterly earnings in the history of your company.

The financial highlights on the facing page show a net income for the quarter of $4,523,000, which is a 7.4% increase over the same period last year. Also noted in the highlights is an increase in shareholders' equity of 4.2%, or $5,730,000, for a total of $141,448,000. Assets grew 2.2%, ending the quarter at $1,723,885,000. Dividends paid to shareholders during the quarter were $.24 per share, an increase from $.23 per share paid in the first quarter of 1991.

Our capital position remains a major strength. Our 8.21% equity-to-assets ratio places our company in the upper quartile of comparative commercial banking companies. Through sound management and conservative banking practices, Ohio Bancorp continues its solid financial performance.

Ohio Bancorp has responded to the important, increased emphasis on safety and soundness in our industry. The efforts to reinforce our loan loss reserve has resulted in an increased allowance coverage of nonperforming assets of 96%. These reserves are now at a level more appropriate for a strong and well-performing company such as ours. We believe that our stock's recent performance, in part, reflects the investment community's positive reaction to our safety and soundness efforts.

These efforts continue. The loan administration function at Ohio Bancorp will be receiving the additional attentions of our most recent management staff addition, Mr. David T. Seckler. Mr. Seckler will oversee the loan review function that has recently been recognized at the Ohio Bancorp corporate level; he will help strengthen our credit approval process and provide consistency to the underwriting standards utilized by our entire affiliate base.

On April 14, 1992, Ohio Bancorp declared a three-for-two stock split, payable on May 15, 1992, to shareholders of record April 30, 1992. All per share information contained in this report has been retroactively adjusted to reflect this split.

We believe that your review of this quarter's financial report will show that your Ohio Bancorp continues to provide quality current income results, while it plans and works for a stronger tomorrow.

Very truly yours,

TR Hollern

T. R. Hollern
Chairman of the Board,
President and Chief Executive Officer

FINANCIAL HIGHLIGHTS OHIO BANCORP

(in thousands except per share data)	1992	1991	Percent Change
Three Months Ended March 31			
Net Income	$ **4,523**	$ 4,213	7.36%
Per Share*:			
Net Income:			
Primary	$ **0.65**	$ 0.60	8.33%
Fully Diluted	**0.60**	0.56	7.14
Cash Dividends	**0.24**	0.23	4.35
Book Value	**20.30**	19.41	4.59
Selected Ratios:			
Return on Average Assets	**1.06%**	1.04%	
Return on Average Equity	**13.09**	12.84	
Total Shareholders' Equity to Assets	**8.21**	8.05	
Allowance for Loan Losses to Loans	**2.25**	1.74	
At March 31			
Assets	**$1,723,885**	$1,686,698	2.20%
Deposits	**1,489,307**	1,437,772	3.58
Total Loans	**891,453**	917,860	(2.88)
Shareholders' Equity	**141,448**	135,718	4.22

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* Per share data has been adjusted to reflect a 3-for-2 stock split — see the notes to the financial statements

CONSOLIDATED BALANCE SHEETS

(in thousands)

Assets

Cash and Due from Banks

Federal Funds Sold

Total Cash and Cash Equivalents

Investment Securities (Market Value $653,976 in 1992, $654,715 on December 31, 1991 and $586,271 on March 31, 1991)

Total Loans

Allowance for Possible Loan Losses — Note 2

Net Loans

Premises and Equipment

Accrued Interest and Other Assets

Liabilities

Deposits:

Noninterest Bearing Demand

Interest Bearing

Total Deposits

Repurchase Agreements

Borrowed Funds

Accrued Expenses and Other Liabilities

Shareholders' Equity

Common Stock*

(No Par — Stated Value $2.25: Authorized — 20,000,000 shares, Issued — 7,068,934 shares in 1992 and 1991)

Surplus*

Retained Earnings

Common Stock in Treasury — at Cost: 101,433 shares in 1992, 113,452 shares on December 31, 1991 and 76,500 shares on March 31, 1992*

* Adjusted for a 3-for-2 stock split — see notes to financial statements

Note: The Balance Sheet at December 31, 1991 has been derived from the audited financial statements at that date

The accompanying notes are an integral part of these financial statements.

	March 31 1992 (Unaudited)	December 31 1991 (Note)	March 31 1991 (Unaudited)
....	$ 77,636	$ 97,064	$ 65,319
....	81,035	96,010	90,115
....	158,671	193,074	155,434
....	638,107	625,453	578,552
....	891,453	900,611	917,860
....	(20,038)	(19,663)	(15,996)
....	871,415	880,948	901,864
....	15,981	16,082	15,727
....	39,711	30,514	35,121
Total Assets	$1,723,885	$1,746,071	$1,686,698
....	$ 205,760	$ 208,046	$ 165,501
....	1,283,547	1,279,889	1,272,271
....	1,489,307	1,487,935	1,437,772
....	53,645	64,587	65,048
....	35,414	50,892	40,267
....	4,071	4,271	7,893
Total Liabilities	1,582,437	1,607,685	1,550,980
....	15,905	15,905	15,905
....	34,977	34,796	34,795
....	92,334	89,483	86,095
....	(1,768)	(1,798)	(1,077)
Total Shareholders' Equity	141,448	138,386	135,718
Total Liabilities and Shareholders' Equity	$1,723,885	$1,746,071	$1,686,698

CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)

Interest Income

Loans

Federal Funds Sold

Investment Securities:

Taxable

Tax-Exempt

Interest Expense

Deposits

Repurchase Agreements

Borrowed Funds

Provision for Loan Losses

Noninterest Income

Trust Income

Service Charges on Deposit Accounts

Commissions, Fees and Other Income

Investment Securities Gains

Noninterest Expenses

Salaries and Employee Benefits

Net Occupancy Expense

Equipment Expense

Other

Income Before Income Taxes

Provision for Income Taxes

Earnings Per Common Share — Note 3

Primary*

Fully Diluted*

* Adjusted for a 3-for-2 stock split — see notes to financial statements.

The accompanying notes are an integral part of these financial statements.

	Three Months Ended March 31 1992	1991
	$21,756	$23,001
	890	1,426
	11,349	10,424
	1,070	1,345
Total Interest Income	35,065	36,196
	16,517	19,440
	618	934
	617	753
Total Interest Expense	17,752	21,127
Net Interest Income	17,313	15,069
	1,630	1,658
Net Interest Income After Provision for Loan Losses	15,683	13,411
	1,030	975
	1,226	1,112
	940	880
	18	159
Total Noninterest Income	3,214	3,126
	5,919	5,270
	898	801
	928	834
	4,991	4,147
Total Noninterest Expenses	12,736	11,052
	6,161	5,485
	1,638	1,272
Net Income	$4,523	$ 4,213
	$ 0.65	$ 0.60
	$ 0.60	$ 0.56

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OHIO BANCORP AND SUBSIDIARIES

(in thousands)	Common Stock	Surplus	Retained Earnings	Treasury Stock	Total
Balance at December 31, 1990*	$15,905	$34,795	$83,402	$(1,077)	$133,025
Net Income			12,247		12,247
Cash Dividends — $.94 per share*			(6,605)		(6,605)
Net Treasury Stock Transactions		1		(721)	(720)
Decrease in Unrealized Loss on Marketable Equity Securities			439		439
Balance at December 31, 1991	15,905	34,796	89,483	(1,798)	138,386
Net Income			4,523		4,523
Cash Dividends — $.24 per share*			(1,672)		(1,672)
Net Treasury Stock Transactions		181		30	211
Balance at March 31, 1992	$15,905	$34,977	$92,334	$(1,768)	$141,448

* See Note 3

NOTES

Note 1 — Accounting Policies

The accounting policies and reporting practices of the Company conform to generally accepted accounting principles and the prevailing practices within the banking industry. Certain 1991 amounts have been reclassified to conform to 1992 presentation.

The information furnished in this quarterly statement reflects all adjustments of a recurring nature which are, in the opinion of management, necessary for a fair presentation of the results of the interim period. Because of the nature of the banking business, the results of the interim period are not necessarily indicative of the results to be expected for the year. This information, both for the current period and the prior year's interim period, has not been independently audited.

Note 2 — Allowance for Loan Losses

The following is a summary of the allowance for loan losses:

	Three Months Ended March 31	
	1992	1991
Balance at Beginning of Year	$19,663	$11,428
Allowance Acquired Through Acquisition		4,800
Provision for Loan Losses	1,630	1,658
Recoveries of Amounts Charged-off	692	735
Loans Charged-off	(1,947)	(2,625)
Balance at End of Period	$20,038	$15,996

Note 3 — Stock Split

The shareholders' equity and earnings per share data presented in this report has been retroactively adjusted for a 3-for-2 stock split declared by the Board of Directors on April 14, 1992 to stockholders of record on April 30, 1992 and payable on May 15, 1992. The financial statements also retroactively reflect the revision of the stated value of the no par common stock from $3.25 to $2.25 per share. Fractional shares payable to shareholders as a result of the split will not be issued but related shareholders will receive cash in lieu thereof.

Earnings per share were calculated based upon the following average shares outstanding as adjusted for the 3-for-2 stock split:

	1992	1991
Primary Shares	6,960,965	6,992,435
Fully Diluted Shares	7,982,606	8,014,076

Earnings per share prior to the adjustment for the stock split were as follows:

	1992	1991
Primary	$ 0.97	$ 0.90
Fully Diluted	$ 0.90	$ 0.84

Note 4 — Acquisitions

An Agreement and Plan of Merger ("Agreement") between the Company and The Trumbull Savings and Loan Company of Warren, Ohio ("Trumbull") was unilaterally terminated by Trumbull by letter dated March 26, 1991. Several matters surrounding the terminated Agreement are currently in litigation as more fully described in Note 12 in the Annual Report to Shareholders for the year ended December 31, 1991. The Company believes that Trumbull's allegations are without merit and has made no provision for claimed damages in these interim financial statements.

AVERAGE CONSOLIDATED BALANCE SHEETS

(in thousands except ratios)

Assets

Cash and Due from Banks
Federal Funds Sold
  Total Cash and Cash Equivalents
Investment Securities
Total Loans
Allowance for Possible Loan Losses
  Net Loans
Premises and Equipment
Accrued Interest and Other Assets

Total Assets

Liabilities

Deposits:
  Noninterest Bearing Demand
  Interest Bearing
  Total Deposits
Repurchase Agreements
Borrowed Funds
Accrued Expenses and Other Liabilities

Total Liabilities

Shareholders' Equity

Common Stock*
Surplus*
Retained Earnings
Common Stock in Treasury — at Cost

Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

Ratios

Net Income as a Percentage of:
  Average Assets
  Average Shareholders' Equity

* Adjusted for the 1-for-2 stock split — see notes to financial statements

Quarters				
1992	1991			
1st	4th	3rd	2nd	1st
$ 68,882	$ 66,135	$ 64,966	$ 63,507	$ 64,769
89,788	88,559	82,561	84,581	89,870
158,670	154,694	147,527	148,088	154,639
639,023	638,196	619,652	596,341	562,568
892,150	902,944	908,864	912,103	890,825
(20,171)	(18,159)	(15,359)	(16,522)	(13,687)
871,979	884,785	893,505	895,581	877,138
16,080	16,066	15,996	15,909	14,879
35,375	33,386	34,041	33,688	29,081
$1,721,127	$1,727,127	$1,710,721	$1,689,607	$1,638,305
$ 187,095	$ 182,361	$ 173,265	$ 170,152	$ 166,227
1,275,043	1,270,592	1,274,180	1,272,597	1,221,136
1,462,138	1,452,953	1,447,445	1,442,749	1,387,363
71,759	84,541	79,088	65,174	65,059
41,483	42,625	37,971	36,404	42,802
6,818	9,424	9,091	9,673	9,971
1,582,198	1,589,543	1,573,595	1,554,000	1,505,195
15,905	15,905	15,905	15,905	15,905
34,904	34,795	34,795	34,795	34,795
89,920	88,524	87,765	85,995	83,487
(1,800)	(1,640)	(1,339)	(1,088)	(1,077)
138,929	137,584	137,126	135,607	133,110
$1,721,127	$1,727,127	$1,710,721	$1,689,607	$1,638,305
1.06%	0.59%	0.48%	0.81%	1.04%
13.09%	7.35%	6.01%	10.08%	12.84%

OFFICERS

OHIO BANCORP

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Vice Chairman of the Board
Carl A. Nunziato
Executive Vice President & Secretary
William G. Weber
Vice President & Treasurer
David J. Lucido
Vice President & Comptroller
David T. Seckler
Vice President — Loan Administration
Duane D. Beatty
Auditor

THE DOLLAR SAVINGS AND TRUST COMPANY

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William G. Weber
Executive Vice President & Chief Operating Officer
Herbert H. Pridham
Senior Vice President & Senior Trust Officer
Robert F. Dicks
Senior Vice President — Lending
Anthony J. Papa
Senior Vice President — Retail Banking
David J. Lucido
Senior Vice President — Administration
Bruce F. Beranek
Vice President — Data Processing
William B. Boyer
Vice President
R. O. Cournoyer
Vice President & Comptroller
Carl A. Nunziato
Vice President & Secretary
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Vice President — Facilities
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Vice President & Trust Officer
J. Bernard Fischer
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Vice President
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Vice President & Trust Officer
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Vice President — Finance
Duane D. Beatty
Vice President & Auditor
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Vice President — Human Resources
Frank G. Sole
Vice President — Marketing
David G. Dalessandro
Vice President
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Vice President

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Vice President & Treasurer
Kersey McCluskey
Vice President
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President & Chief Executive Officer
Dennis P. Galvin
Executive Vice President
& Chief Operating Officer
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Senior Vice President — Branch Administration
Andrew M. Mihalyo
Senior Vice President — Lending
J. Robert White
Vice President
James H. Cook
Vice President & Treasurer
Robert Zori
Secretary & Comptroller
Ralph Sensibaugh
Vice President
Joseph W. Cartledge
Vice President & Trust Officer
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Vice President
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Vice President
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Vice President
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Auditor

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Homer Ransdell
Senior Vice President & Treasurer
Louis Abraham
Senior Vice President & Senior Lending Officer
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Vice President

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Executive Vice President
Jimmy D. L. Roan
Vice President & Senior Trust Officer
Doris Harmon
Vice President
Thomas P. Timmons
Vice President
Karen S. Conaway
Vice President

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Herbert H. Pridham
Vice President, Trust Officer
& Secretary/Treasurer
L. Craig Martin
Vice President & Trust Officer,
Assistant Secretary & Operating Officer
J. Bernard Fischer
Senior Investment Officer & Assistant Treasurer

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George R. Berlin
C. A. Covington, Jr.
T. R. Hollern
Nils P. Johnson
Carl A. Nunziato
Paul J. Thomas
James W. Vale
Frank C. Watson

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T. R. Hollern
Raymond W. Peterson
John E. Stanley
John C. Stewart
Paul J. Thomas
Frank C. Watson

STOCK PERFORMANCE AND DIVIDENDS

The following table sets forth the high, low and quarter end quotations, dividends and book values per share for the calendar periods indicated. These quotations, furnished by the NASDAQ National Market System, represent prices between dealers, do not include retail markups, markdowns, or commissions and may not represent actual transactions.

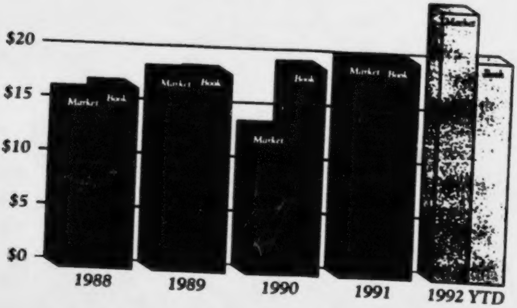
All amounts have been adjusted to reflect the 3-for-2 stock split — see the notes to the financial statements.

	Quarters Ending			
	6-30-91	9-30-91	12-31-91	3-31-92
Market Price				
High	18.17	22.50	20.83	25.50
Low	16.67	17.50	19.67	20.00
Quarter End	18.00	21.25	20.00	24.83
Dividends	.23	.24	.24	.24
Book Value*	19.65	19.74	19.89	20.30

At March 31, 1992, there were 1,350 shareholders.

*Based on number of shares outstanding at the end of each quarter

Market Price & Book Value

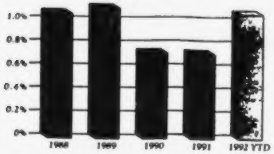


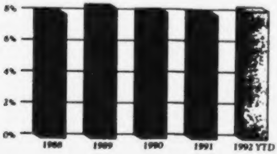
FINANCIAL STATISTICS

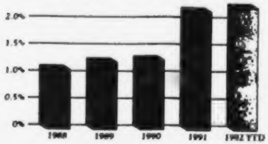
	Three Months Ended March 31		Year End			
	1992	1991	1991	1990	1989	1988
Earnings Performance						
Net Income Per Share*:						
Primary	**$ 0.65**	$ 0.60	$ 1.75	$ 1.61	$ 2.35	$ 2.15
Fully Diluted	**0.60**	0.56	1.67	1.55	2.17	2.01
Return on Average Assets	**1.06%**	1.04%	0.72%	0.73%	1.11%	1.06%
Return on Average Shareholders' Equity	**13.09**	12.84	9.01	8.72	13.54	13.68
Net Interest Margin (taxable equivalent)	**4.44**	4.13	4.20	4.18	4.25	4.13
Noninterest Income to Average Assets	**0.75**	0.76	0.75	0.72	0.68	0.58
Noninterest Expense to Average Assets	**2.96**	2.70	2.82	2.71	2.66	2.57
Noninterest Margin	**2.21**	1.94	2.07	1.99	1.98	1.99
Capital Adequacy						
Shareholders' Equity to Total Assets	**8.21%**	8.05%	7.93%	8.05%	8.31%	7.93%
Leverage Ratio	**7.96**	7.78	7.65	8.05	8.31	7.93
Dividend Payout	**36.97**	38.72	53.93	55.32	34.51	33.84
Asset Quality						
Total Loans to Total Deposits	**59.86%**	63.84%	60.53%	64.12%	65.40%	64.44%
Allowance to Total Loans	**2.25**	1.74	2.16	1.28	1.24	1.10
Allowance to Nonperforming Assets	**96.05**	77.98	93.49	52.19	43.40	42.72
Nonperforming Assets to Total Loans	**2.34**	2.23	2.34	2.44	2.85	2.58
Market Data*						
Period End Market Price	**$ 24.83**	$17.33	$ 20.00	$13.33	$18.17	$16.00
Price/Earnings	**9.5x**	7.2x	11.4x	8.3x	7.7x	7.4x
Dividend Yield	**3.80%**	5.38%	4.73%	6.70%	4.48%	4.67%
Market Price to Book Value	**123.00**	89.32	100.54	70.08	99.38	95.88

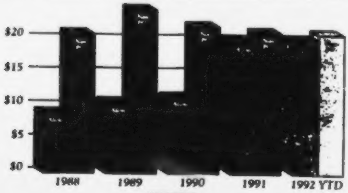
* Adjusted to reflect the 3-for-2 stock split effective August 4, 1989, and for the 3-for-2 stock split to be effective May 15, 1992

REFERENCE CHARTS


Return on Assets


Equity-to-Assets Ratio


Allowance for Loan Losses to Total Loans


Allowance for Loan Losses and Nonperforming Assets (in thousands)

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WASHINGTON, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

L92-226

For Quarter ended May 31, 1992 Commission File No. 0-11488

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

ansition period from ________________ to ____________________

PENWEST, LTD.

(Exact name of registrant as specified in its charter)

Delaware	91-1221360
(State of Incorporation)	(I.R.S. Employer Identification No.)
777-108th Avenue N.E., Suite 2390, Bellevue, WA	98004-5193
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number (206) 462-6000 L3Q

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 30, 1992.

Class	Outstanding
Common stock, par value $1.00	8,540,474

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PENWEST, LTD. AND SUBSIDIARIES

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Condensed Consolidated Statements of Income Nine Months Ended May 31, 1992 and May 31, 1991	4
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PENWEST, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	May 31, 1992 (Unaudited)	August 31, 1991
ASSETS		
Current assets:		
Cash	$ 551	$ 976
Investments	20,102	28,815
Receivables	13,416	11,821
Inventories:		
Raw materials	2,766	2,372
Work in progress	519	414
Finished goods	5,755	4,522
	9,040	7,308
Other current assets	4,105	3,166
Total current assets	47,214	52,086
Property, plant and equipment, net	68,125	61,223
Deferred tax asset	3,242	
Other non-current assets	9,856	8,155
Total assets	$128,437	$121,464
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,763	$ 9,258
Current portion of long-term debt	540	300
Accrued liabilities	8,832	8,116
Total current liabilities	17,135	17,674
Long-term debt	31,085	31,550
Other post-retirement benefits	9,535	
Deferred income taxes and other	10,550	12,120
Shareholders' equity:		
Common stock	8,540	8,501
Additional paid-in capital	12,329	12,055
Retained earnings	67,583	67,109
Treasury stock	(22,965)	(21,720)
Note receivable from Employee Stock Ownership Plan	(5,355)	(5,825)
Total shareholders' equity	60,132	60,120
Total liabilities and shareholders' equity	$128,437	$121,464

See accompanying notes to condensed consolidated financial statements.

PENWEST, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands except per share data)
(Unaudited)

	Three Months Ended May 31		Nine Months Ended May 31	
	1992	1991	1992	1991
Sales	$ 31,652	$ 29,215	$ 92,525	$ 81,058
Cost of sales	23,489	20,112	67,247	57,121
Gross margin	8,163	9,103	25,278	23,937
Operating expenses	5,836	5,477	17,707	14,207
Income from operations	2,327	3,626	7,571	9,730
Investment income	510	602	1,573	1,990
Interest expense and other	(721)	(668)	(1,758)	(2,030)
Income before taxes and cumulative effect of accounting changes	2,116	3,560	7,386	9,690
Income taxes	472	1,130	1,816	2,911
Income before cumulative effect of accounting changes	1,644	2,430	5,570	6,779
Cumulative effect of change in accounting:				
Other post-retirement benefits (less deferred income tax benefit of $3,063)			(5,947)	
Accounting for income taxes	—	—	1,560	—
	—	—	(4,387)	—
Net income	$ 1,644	$ 2,430	$ 1,183	$ 6,779
Weighted average common shares and equivalents outstanding	7,489,820	7,592,529	7,467,027	7,558,454
Earnings before cumulative effect of accounting changes	$0.22	$0.32	$0.75	$0.90
Cumulative effect of accounting changes	—	—	(0.59)	—
Earnings per common share	$0.22	$0.32	$0.16	$0.90
Dividends declared per share	$0.05		$0.10	

See accompanying notes to condensed consolidated financial statements.

PENWEST, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Nine Months Ended May 31	
	1992	1991
Operating Activities:		
Net income	$ 1,183	$ 6,779
Adjustments to reconcile income from operations to net cash from operations:		
Depreciation and amortization	5,964	5,104
Deferred income taxes	(969)	(240)
Cumulative accounting changes	4,387	
Foreign currency (gain) loss	(179)	
Change in assets and liabilities:		
Receivables	(1,595)	487
Inventories	(1,732)	(1,068)
Accounts payable and other	(1,150)	(220)
Net cash from operating activities	5,909	10,842
Investing Activities:		
Additions to plant and equipment	(12,118)	(6,928)
Purchase of Edward Mendell Co.		(8,080)
Other	(76)	(89)
Net cash from investing activities	(12,194)	(15,097)
Financing Activities:		
Payments on long-term debt	(550)	(1,225)
Proceeds of long-term debt	325	5,500
Purchase of treasury stock	(1,245)	
Exercise of stock options	312	25
Purchase of officers' life insurance	(1,341)	(1,342)
Payment of dividend	(354)	
Net cash from (used by) financing activities	(2,853)	2,958
Net increase (decrease) in cash and equivalents	(9,138)	(1,297)
Cash and equivalents at beginning of period	29,791	31,299
Cash and equivalents at end of period	$ 20,653	$ 30,002

See accompanying notes to condensed consolidated financial statements.

PENWEST, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the year ending August 31, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in PENWEST's annual report on Form 10-K for the fiscal year ended August 31, 1991.

2. *Income Taxes*

In the third quarter 1992, the Company adopted FASB Statement No. 109 "Accounting for Income Taxes", changing to the liability method of accounting for deferred income taxes effective September 1, 1991.

The Company restated the fiscal year 1992 first quarter income statement to record a benefit of $1,560 ($0.21 per share) as the cumulative effect of an accounting change at that date. The impact on the second and third quarter's income is not significant.

The effective tax rate was 22.3% compared to the statutory rate of 34%. The effective rate is lower than the statutory rate due to tax-advantaged investment income and foreign tax benefit.

3. *Other Post-Retirement Plans*

In the third quarter 1992, the Company adopted FASB Statement No. 106 "Employers' Accounting for Post-Retirement Benefits Other Than Pensions", changing to the accrual method of accounting for these benefits effective September 1, 1991. Prior to 1991, post-retirement benefit expense was recognized when claims were paid.

The Company restated the fiscal year 1992 first quarter income statement to record a pre-tax charge of $9,010 ($5,947 after taxes or $0.80 per share) as the cumulative effect of an accounting change at that date. This change also increased nine months ended May 31, 1992, pre-tax post-retirement benefit expense by $525. See Note 4 for the impact on the first and second quarter of adopting FAS 106.

Post-retirement benefit expense was $825 and $300 for the nine months ended May 31, 1992 and 1991 respectively.

The following table sets forth the plan's funded status as of May 31, 1992.

Accumulated post-retirement benefit obligation:

Retirees	$5,397
Fully eligible active plan participants	1,352
Other active plan participants	2,786
	9,535
Plan assets at fair value	0
Accumulated post-retirement benefit obligation in excess of plan assets	9,535
Unrecognized net (gain) or loss	0
Accrued post-retirement benefit obligation	$9,535

Net periodic post-retirement benefit costs include the following components:

	Nine Months Ended May 31, 1992
Service cost — benefits earned during the period	$218
Interest cost on accumulated post-retirement benefit obligations	607
	$825

Future benefit costs were estimated assuming medical costs would increase at a 17% annual rate for fiscal 1992 and 1993, then beginning in fiscal 1994, decreasing to an annual rate of 6.5% ratably over the next 8 years and then remaining at a 6.5% annual rate thereafter. A 1% increase in this annual trend rate would have increased the accumulated post-retirement benefit obligation at May 31, 1992, by $1.2 million, with an increase of $0.25 million of the annual 1992 post-retirement benefit expense. The weighted average discount rate used to estimate the accumulated post-retirement obligation was 8.14%.

4. *Restated Quarterly Financial Data*

(Dollars in thousands except per share data)
(Unaudited)

	Three Months Ended November 30, 1991 (restated)		Three Months Ended February 29, 1992 (restated)	
Sales	$29,349		$31,524	
Gross margin	8,208		8,907	
Income from operations	2,526		2,778	
Income before taxes and cumulative effect of accounting changes	2,589		2,708	
Income taxes	682		662	
Earnings before cumulative effect of accounting changes	1,907	(1)	2,046	(1)
Cumulative effect of change in accounting for post-retirement benefits less deferred income tax of $3,063)	(5,947)			
Cumulative effect of change in accounting for income taxes	1,560			
Net income (loss)	$ (2,480)		$ 2,046	
Weighted average common shares and equivalents outstanding	7,439,998		7,460,922	
Earnings before cumulative effect of accounting changes	$ 0.26		$ 0.27	
Cumulative effect of accounting changes	(.59)			
Earnings (loss) per common share	$(0.33)		$ 0.27	
Dividends declared per share			$ 0.05	

(1) Additional expense related to the adoption of FAS 106 of approximately $175 per quarter ($115 after taxes or approximately $0.02 per share, per quarter) were recorded in fiscal 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity

PENWEST continues to maintain a highly liquid position with short-term investments accounting for 16% of total assets at quarter end. Long-term debt consists of borrowings under an unsecured term debt agreement ($22 million), a mortgage ($4.1 million) and an unsecured note ($5 million). Fifteen million of the unsecured revolving line of credit was unused and available at May 31, 1992.

Cash flow from operations for the nine months ended May 31, 1992 was $5.9 million compared to $10.8 million in the same period last year. Cash flow for the period has declined compared to the same period a year ago primarily due to lower earnings, an increase in accounts receivable and a slight increase in inventory.

Working capital was $30 million at May 31, 1992, a decrease of $4 million from August 31, 1992. The decrease is primarily reflected by the reduction in short-term investments ($9 million) used to fund capital expenditures.

The Board of Directors declared a $0.05 per share dividend which was paid on June 8, 1992, to shareholders of record as of May 22, 1992.

During June 1992, the Company renewed it's $22 million term debt agreement. As part of the renewal process the term debt became unsecured. In addition, the Company secured a commitment for a $20 million private placement of debt during June, 1992. Funding of the debt is expected no earlier than the first quarter of fiscal 1993. The proceeds will be used to fund future capital expenditures and refinance approximately $5 million of existing debt.

Capital Resources

Additions to property, plant and equipment during the nine months ended May 31, 1992, were $12.1 million. Significant expenditures were made to the starch finishing capacity (completed in November 1991), the corn grind expansion (completed in February 1992), and the new microcrystalline cellulose (MCC) plant. The starch finishing capacity and corn grind expansion projects will enable PENWEST to meet the growing demand for specialty ethylated starches.

Financing for working capital changes and property additions were funded from operations, cash resources and borrowings.

Results of Operations

Net income was $1,644,000, or $0.22 per share for the third quarter, compared to $2,430,000, or $0.32 per share for the year earlier period. Net income before cumulative effect of accounting changes for the nine months was $5,570,000 or $0.75 per share, compared to $6,779,000 or $0.90 per share for the same period a year ago.

Sales increased in the third quarter and the first nine months of fiscal year 1992 to $31,652,000 and $92,525,000, representing a 8% and 14% change respectively, from the same period last year. The increases were generated through volume increases, led by specialty ethylated starches and the impact of the purchase of Edward Mendell Co., Inc. in March of 1991. The gross margin for the nine month period decreased to 27.3% compared to 29.5% last year. The capacity constraints as previously discussed under capital resources, higher net corn costs, utility costs, repair and maintenance costs and operating expenses, limited operating income growth.

Gross margins for the quarter were affected by orders from three new customers that were expected in the third quarter but which were delayed into the late third and early fourth quarter. Customer inventory adjustments, greater depreciation expense and higher raw materials costs also played a role in the decline.

Operating expenses, in the third quarter and first nine months, rose $359,000 and $3,500,000, respectively. The changes relate mostly to the addition of Mendell's operating expenses and secondly with costs associated with building an infrastructure for PENWEST FOODS and Mendell.

Interest expense and other for the third quarter and first nine months of fiscal 1992 was $721,000 and $1,758,000, respectively compared to $668,000 and $2,030,000, respectively for the same period last year. The decrease in the nine month period is the result of lower interest rates in the current year.

Investment income from earnings on short-term investments for the third quarter and first nine months of fiscal 1992 was $510,000, and $1,573,000, respectively compared to $602,000 and $1,990,000, respectively for the same periods last year. The decline is directly related to a reduction in the yield on a smaller investment portfolio. The annualized equivalent pre-tax return was approximately 9% for the quarter.

PART II - OTHER INFORMATION

Item 4 Submission of Matters to a Vote of Security Holders.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

Item 6 Exhibits and Reports on Form 8-K.

(a) Exhibit 11 - Statement re: Computation of earnings per share

(b) No reports on Form 8-K were filed during the quarter for which this report is filed.

Exhibit 11

PENWEST, LTD. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE

	Quarter Ended May 31, 1992	Nine Months Ended May 31, 1992
PRIMARY:		
Net income	$1,644,000	$1,183,000
Weighted average number of shares outstanding	7,232,886	7,257,167
Assumed exercise of options	409,398	389,383
Subtract number of hypothetical shares purchased with option proceeds based on average price	(152,464)	(179,523)
Adjusted shares outstanding	7,489,820	7,467,027
Earnings per share	$0.22	$0.16
FULLY DILUTED:		
Net income	$1,644,000	$1,183,000
Weighted average number of shares outstanding	7,232,886	7,257,167
Assumed exercise of options	409,398	389,383
Subtract number of hypothetical shares purchased with option proceeds based on higher of average or period end price	(152,464)	(179,523)
Adjusted shares outstanding	7,489,820	7,467,027
Earnings per share	$0.22	$0.16

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PENWEST, LTD.
(Registrant)

7-15-92
Date

Tod R. Hamachek
President and
Chief Executive Officer

7-15-92
Date

Jeffrey T. Cook

Jeffrey T. Cook
Vice President, Finance

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the thirteen weeks ended June 28, 1992.

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____________ to ____________.

Commission File No. 2-38230

MG2.2263

Triple "F", Inc.
(Exact name of registrant as specified in its charter)

IOWA	42-0955429
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10104 Douglas Avenue, Des Moines, Iowa 50322
(Address of principal executive offices)

Registrant's telephone number, including area code (515) 254-1200

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _____ No __X__

The number of shares of the Registrant's Common Stock, par value ($.10) per share, outstanding at August 11, 1992 was 1,754,782.

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1 of 13 Pages
Exhibit Index appears on page 13

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TRIPLE "F", INC.
FISCAL THIRTEEN WEEKS ENDED JUNE 28, 1992
FORM 10-Q

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PART I

Triple "F", Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
June 28, 1992 and September 29, 1991
(Unaudited)

	June 28, 1992	September 29, 1991
Assets		
Current Assets		
Cash	$ 515,245	56,011
Receivables:		
Trade accounts	3,017,926	4,135,636
Notes & current portion of long term notes	172,424	326,114
Other	153,918	188,855
	3,344,268	4,650,605
Less allowance for doubtful receivables	290,912	300,180
Net receivables	3,053,356	4,350,425
Inventories (Note 2)	1,859,493	3,498,870
Total Current Assets	5,428,094	7,905,306
Long term notes receivable, net	539,715	382,333
Investments in joint venture and investee company	534,699	624,930
Property, plant and equipment	14,720,834	16,537,451
Less accumulated depreciation and amortization	9,751,684	10,281,778
Net property, plant and equipment	4,969,150	6,255,673
Other assets at cost less amortization	194,326	234,770
Total Assets	$11,665,984	15,403,012

See accompanying notes to condensed consolidated financial statements.

Triple "F", Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
June 28, 1992 and September 29, 1991
(Unaudited)

	June 28, 1992	September 29, 1991
Liabilities and Stockholders' Equity		
Current liabilities:		
Note payable to bank	$ 0	1,088,000
Current installments of long term debt and obligations under capital leases	537,809	1,261,226
Trade accounts payable	1,189,747	2,274,669
Accrued expenses (Note 3)	781,858	937,087
Total current liabilities	2,509,414	5,560,982
Long term debt, excluding current installments	2,511,075	2,618,770
Obligations under capital leases, excluding current installments	59,696	104,072
Deferred income taxes	136,721	133,000
Total liabilities	5,216,906	8,416,824
Stockholders' equity:		
Common stock, $.10 par value per share. Authorized 5,000,000 shares; issued 1,761,968	176,196	176,196
Additional paid-in capital	1,212,404	1,212,404
Retained earnings	4,865,689	5,409,032
Equity adjustment from foreign currency translation	209,161	188,556
	6,463,450	6,986,188
Less treasury stock, 7,186 common shares at cost	14,372	0
Total stockholders' equity	6,449,078	6,986,188
Total Liabilities and Stockholders' Equity	$11,665,984	15,403,012

See accompanying notes to condensed consolidated financial statements.

Triple "F", Inc. and Subsidiaries
Condensed Consolidated Statements of Profit(Loss)
(Unaudited)

	Thirteen weeks ended		Thirty nine weeks end	
	June 28, 1992	June 30, 1991	June 28, 1992	June 30, 1991
Net sales:				
Livestock feed and related products	$4.941,614	6,875,642	$17,944,501	27,420,940
Extruding equipment sales and rentals	2,320,406	797,835	4,806,448	2,680,057
	7,262,020	7,673,477	22,750,949	30,100,997
Cost of sales:				
Livestock feed and related products	4,195,545	5,860,014	15,343,444	22,914,532
Extruding equipment	1,198,529	425,497	2,399,114	1,557,874
	5,394,074	6,285,511	17,742,558	24,472,406
Gross profit	1,867,946	1,387,966	5,008,391	5,628,591
Expenses:				
Sales salaries and commissions	615,807	779,164	1,913,449	2,786,486
Other selling, general and administrative	1,053,952	1,099,627	3,541,324	4,593,935
Total expenses	1,669,759	1,878,791	5,454,773	7,380,421
Operating profit(loss)	198,187	(490,825)	(446,382)	(1,751,830
Other income (expense):				
Other income	37,913	179,616	566,105	419,897
Other expense, primarily interest	(95,676)	(138,318)	(288,065)	(476,431)
Legal proceedings settlement (Note 3)	0	0	(375,000)	0
	(57,763)	41,298	(96,960)	(56,534)
Net profit(loss)	$ 140,424	(449,527)	$ (543,342)	(1,808,364
Weighted average common shares outstanding	1,754,782	1,761,968	1,756,843	1,761,968
Profit(Loss) per common share	$ 0.08	(0.26)	$ (0.31)	(1.03)

See accompanying notes to condensed consolidated financial statements.

Triple "F", Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Thirty nine weeks ended June 28, 1992	 June 30, 1991
Cash flows from operating activities:		
Net profit(loss)	$ (543,342)	(1,808,364)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	991,128	1,227,071
Gain on disposals	(296,497)	(41,191)
Undistributed earnings in joint venture and investee company	90,231	(7,409)
Decrease in receivables and long-term notes	1,167,831	3,557,582
Decrease (increase) in inventories	1,657,994	447,210
Net decrease in other assets	40,444	65,245
Decrease in trade accounts payable and accrued expenses	(1,268,995)	(1,541,959)
Decrease in deferred income taxes	0	(4,267)
Total adjustments	2,382,136	3,702,282
Net cash provided by operating activities	1,838,794	1,893,918
Cash flow from investing activities:		
Proceeds from sale of property, plant and equipment	1,000,327	646,974
Capital expenditures	(405,881)	(1,195,104)
Net cash provided by (used in) investing activities	594,446	(548,130)
Cash flow from financing activities:		
Net (payments)borrowings on notes payable to bank	(1,567,193)	(70,826)
Net (payments)borrowings of long-term debt	(338,671)	(360,734)
Principal payments under capital lease obligations	(69,630)	(115,930)
Treasury stock purchased	(2,366)	0
Net cash (used in)provided by financing activities	(1,977,860)	(547,490)
Effects of exchange rate changes on cash	3,854	58,709
Net increase in cash	459,234	857,007
Cash at beginning of period	56,011	0
Cash at end of period	$ 515,245	857,007
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 287,268	456,803

(Continued)

Triple "F", Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows, Continued

Supplemental schedule of noncash investing and financing activities:

Capital lease obligations of $ 5,052 and $ 23,215 were incurred when the Company and subsidiaries entered into various leases for equipment during the thirty-nine weeks ended June 28, 1992 and June 30, 1991, respectively.

Inventory of $ 121,352 and $ 161,416 was transferred to equipment on lease during the thirty-nine ended June 28, 1992 and June 30, 1991, respectively.

See accompanying notes to condensed consolidated financial statements.

Triple "F", Inc. Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. **Accounting Policy**
The information included in the foregoing consolidated interim financial statements is unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals, necessary for fair presentation of the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year.

2. **Inventories**
Components of inventories are as follows:

		June 28, 1992	September 29, 1991
Cost determined by FIFO method:			
Finished products.............	$	3,942	8,676
Agricultural equipment........		839,612	1,028,065
		843,554	1,036,741
Cost determined by LIFO method:			
Raw materials.................		823,006	1,990,124
Finished products.............		912,279	1,291,351
		1,735,285	3,281,475
Less LIFO reserve...............		719,346	819,346
		1,015,939	2,462,129
	$	1,859,493	3,498,870

3. **Legal Proceedings Settlement**
On February 28, 1992, the Company and plaintiff in a complaint accepted mediation in the amount of $750,000 to plaintiff. On April 24, 1992, the insurance carrier for the Company paid its share of the judgment for $375,000 and the Company paid $75,000 of its share, and delivered a promissory note in the amount of $308,000 for the remaining balance. Plaintiff then filed a Satisfaction of Judgment with the United States District Court. The note bears interest at the annual rate of 10% and requires payments of $75,000 on November 1, 1992, $75,000 on February 1, 1993, $75,000 on May 1, 1993 and the balance on August 1, 1993. The note is secured by the Company's Texas real estate and a Company-owned condominium in Great Britain.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations
The following table sets forth, for the periods indicated, the percentages which certain items in the Condensed Consolidated Statements of Profit(Loss) bear to total sales, and the percentage change from period to period of those items.

	Percent of Sales For 13 weeks ended 6/28/92	Percent of Sales For 13 weeks ended 6/30/91	Percent Change 6/30/91 to 6/28/92	Percent of Sales For 39 weeks ended 6/28/92	Percent of Sales For 39 weeks ended 6/30/91	Percent Change 6/30/91 to 6/28/92
Net sales						
Livestock Feed and Related Products.....	68.05%	89.60%	-28.13%	78.87%	91.10%	-34.56%
Extruding Equipment Sales and Rentals...	31.95%	10.40%	190.84%	21.13%	8.90%	79.34%
Total..............................	100.00%	100.00%	-5.36%	100.00%	100.00%	-24.42%
Cost of sales						
Livestock Feed and Related Products.....	84.90%	85.23%	-28.40%	85.50%	83.57%	-33.04%
Extruding Equipment......................	51.65%	53.33%	181.68%	49.91%	58.13%	54.00%
Total..............................	74.28%	81.91%	-16.18%	77.99%	81.30%	-27.50%
Gross profit						
Livestock Feed and Related Products.....	15.10%	14.77%	-26.54%	14.50%	16.43%	-42.28%
Extruding Equipment......................	48.35%	46.67%	201.31%	50.09%	41.87%	114.52%
Total..............................	25.72%	18.09%	34.58%	22.01%	18.70%	-11.02%
Selling, general and administrative expenses	22.99%	24.48%	-11.13%	23.98%	24.52%	-26.09%
Operating profit(loss).....................	2.73%	-6.40%	140.38%	-1.96%	-5.82%	76.52%
Interest and other income (expense), net...	-0.80%	0.54%	*	1.22%	-0.19%	*
Legal proceedings settlement................	0.00%	0.00%		-1.65%	0.00%	
Net profit(loss)...........................	1.93%	-5.86%	*	-2.39%	-6.01%	*

* not meaningful

Thirteen and Thirty-nine Weeks Ended June 28, 1992 Compared to the Thirteen and Thirty-nine Weeks Ended June 30, 1991

The Company's sales of livestock feed and related products for the thirteen and thirty-nine weeks ended June 28, 1992 decreased approximately $1,900,000 and $9,500,000 respectively from the corresponding periods in the prior fiscal year. This decrease continues to be in line with anticipated sales reduction as part of the implementation of the Company's current restructuring plan. International sales of equipment for these same periods increased approximately $1,500,000 and $2,100,000 respectively from the corresponding periods in the prior fiscal year. The rebound from the prior fiscal year, during which equipment sales were adversely affected by the Gulf War, is surpassing the Company's expectations.

The Company's overall gross profit margin for the thirteen and thirty-nine weeks ended June 28, 1992 as a percent of sales has improved by approximately 8% and 3%, respectively, compared to the corresponding periods in the prior fiscal year. The increased volume of sales in the equipment segment, which carries a higher gross margin than the feed and related products segment, is the primary factor for this improvement. The gross profit margin, for the thirty-nine weeks ended June 28, 1992, in the livestock feed and related products segment of the Company was down approximately 2% from the same period in the prior fiscal year. The reduced gross margins in this segment of the business are a result of the restructuring plan. Sales have declined slightly faster than the Company has been able to reduce overhead thus causing the reduced gross margins. The gross profit margin in the equipment segment for the thirteen and thirty-nine weeks ended June 28, 1992 was up approximately 1.5% and 8%, respectively, from the same periods in the prior fiscal year. The Company anticipated improved gross margins in this segment as sales improved.

Selling, general and administrative expenses for the thirteen and thirty-nine weeks ended June 28, 1992 decreased approximately $209,000 and $1,926,000, respectively, from the corresponding periods in the prior fiscal year. This decrease is primarily due to the implementation of the Company's current restructuring plan. The Company anticipates further reductions of these costs in future periods.

Interest expense for the thirteen and thirty-nine weeks ended June 28, 1992 decreased approximately $80,000 and $170,000 respectively from the corresponding periods in the prior fiscal year. The Company has been able to reduce both short and long term borrowings due to improved cash flows. Cash flow improvement is a primary focus of the restructuring plan. Other income (expense), net for the thirty-nine weeks ended June 28, 1992 increased approximately $334,000 respectively from the corresponding period in the prior fiscal year. The increase was due primarily to gains on disposals of assets of approximately $283,000.

Liquidity and Capital Resources

The Company has received an extension on the line of credit with its primary bank lender through December 15, 1992. The extension calls for a reduction of the line of credit availability on a scheduled basis to $0 as of December 15, 1992. In June, the Company was able to reduce its average borrowings on the line of credit to approximately $15,000.

As the Condensed Consolidated Statements of Cash flow demonstrates, the Company, through the implementation of its current restructuring plan, has raised sufficient cash to reduce debt. The cash availability resulted from reductions in inventories and accounts receivable in excess of the decrease in accounts payable and accruals. In addition, the Company made an operating profit for the thirteen weeks ended June 28, 1992, which contributed additional cash.

Management anticipates obtaining a commitment for an adequate line of credit, the amount to be determined upon completion of the restructuring, prior to the expiration of the extension from the bank on December 15, 1992. The Company's restructuring plan includes; consolidation of production to two major plants in order to improve efficiency and utilize capacity, reorganization of the sales force and distribution system to reduce costs, the sale of or closing of Extrude 'N' Mix centers that are not performing as expected and the simplification of administration functions in an effort to reduce costs. The Company expects to complete the majority of the restructuring by the end of the fiscal year.

Part II

Item 1. Legal Proceedings

The Company is occasionally involved in ordinary and routine litigation incident to its business, none of which were material to the Company during the fiscal quarter. The Company has been involved in one lawsuit which was settled during the last fiscal quarter:

Wysong Medical Corp. v. Triple "F", Inc.

On September 14, 1990, a complaint was filed by Wysong Medical Corp. ("Wysong") in the United States District Court for the Eastern District of Michigan against the Company. Mediation took place on February 7, 1992 and the parties accepted the mediator's recommended amount of $750,000 net to Wysong on February 28, 1992. Via separate agreement, the Company's product liability insurance carrier has agreed to pay one-half of the award or $375,000 upon the Company tendering payment for the other half of the judgment. On April 24, 1992, the insurance carrier paid its share of the judgment for $375,000 and the Company paid $75,000 of its share, and delivered a promissory note in the amount of $308,000 for the remaining balance. Wysong then filed a Satisfaction of Judgment with the United States District Court. The note bears interest at the annual rate of 10% and requires payments of $75,000 on November 1, 1992, $75,000 on February 1, 1993, $75,000 on May 1, 1993 and the balance on August 1, 1993. The note is secured by the Company's Texas real estate and a Company-owned condominium in Great Britain.

Item 6. Exhibits and Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Triple "F", Inc. Triple "F", Inc.

Dated: 8·11·92 By: Wayne F. Fox
Wayne F. Fox
Chief Executive Officer

Dated: 8·11·92 By: James D. Von Bon
James D. Von Bon
Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

APR 20 1992

N92-2263

[√] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....

Commission File Number: 0-10443

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UNITED FINANCIAL GROUP, INC

(Exact Name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**74-2029669** (I.R.S. Employer Identification Number)
5847 San Felipe, Suite 2600 **Houston, Texas** (Address of principal executive offices)	**77057** (Zip Code)

Registrant's telephone number, including area code: (713) 267-3781

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [√] No [ ]

Indicate number of shares outstanding of the Registrant's Common Stock at April 17, 1992: 8,074,370

The Exhibit Index is located on page 12.
The total number of sequentially numbered pages is 13.

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UNITED FINANCIAL GROUP, INC.

FORM 10-Q

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UNITED FINANCIAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

		In Thousands	
		March 31, 1992	December 31 1991
Assets:			
Cash and cash equivalents	$	11,400	11,518
Loans and notes receivable		1,389	1,412
Other investments		463	466
Other assets		174	282
Total assets	$	13,426	13,678
Liabilities:			
Accounts payable and accrued liabilities	$	151	281
Notes payable and other borrowings		4,598	4,582
Other liabilities		6,378	6,420
Total liabilities	$	11,127	11,283
Cumulative preferred dividends in arrears	$	3,054	2,863
Redeemable preferred stock, no par value		16,317	16,307
Common stockholders' equity (deficit):			
Common stock, no par value; 12,000,000 shares authorized at March 31, 1992 and December 31, 1991; 8,074,370 shares issued and outstanding, net of 115,000 shares in treasury		56,289	56,289
Retained deficit		(73,361)	(73,064)
Total common stockholders' equity (deficit)		(17,072)	(16,775)
	$	13,426	13,678

See accompanying notes to condensed consolidated financial statements.

UNITED FINANCIAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	In Thousands Except Per Share Data	
Three Months Ended March 31,	1992	1991
Interest income	$ 177	232
Other income	—	102
	177	334
General and administrative expenses	194	260
Salaries and related expenses	—	127
Interest expense	105	105
Amortization	(26)	(28)
Other expenses	1	1
	274	465
Loss before income taxes	(97)	(131)
Income taxes	—	—
Net loss	$ (97)	(131)
Net loss applicable to common stock after reductions for preferred stock dividends and accretion	$ (298)	(332)
Loss per common and common equivalent share	$ (0.04)	(0.04)

See accompanying notes to condensed consolidated financial statements.

UNITED FINANCIAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

		In Thousands	
Three Months Ended March 31,		1992	1991
Operating Activities:			
Net loss	$	(97)	(131)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization		(38)	(38)
Changes in assets and liabilities related to operations:			
Decrease (increase) in other assets		108	43
Increase (decrease) in accounts payable and accrued liabilities		(130)	(216)
Cash from (for) operating activities	$	(157)	(342)
Investing Activities:			
Maturities of investments in debt securities	$	40	66
Cash from (for) investing activities	$	40	66
Financing Activities:			
Payment of post-employment benefits	$	(1)	—
Cash from (for) financing activities	$	(1)	—
Increase (decrease) in cash and cash equivalents		(118)	(276)
Cash and cash equivalents, beginning of period		11,518	10,767
Cash and cash equivalents, end of period	$	11,400	10,491

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992
(Unaudited)

1. Basis of Presentation

Principles of consolidation and presentation

The unaudited condensed consolidated financial statements include the accounts of United Financial Group, Inc. and its subsidiaries ("UFGI" or the "Company"), all of which are wholly-owned. Prior to December 30, 1988, UFGI was in the business of offering products and services within the mortgage lending and savings industries and engaged in an array of investment activities, primarily through its most significant subsidiary, United Savings Association of Texas ("USAT"), and USAT's wholly-owned subsidiaries. On December 30, 1988, USAT was placed into receivership by the Federal Deposit Insurance Corporation ("FDIC" which term, as used herein, includes its predecessor, the Federal Savings and Loan Insurance Corporation, "FSLIC"), and the Company's net liabilities related to its investment in USAT were written off at that time. Since December 30, 1988, management of the Company has concentrated its efforts on the resolution of issues with the FDIC and other claimants, and the Company's business activities have been limited to the management of investments.

All material intercompany transactions are eliminated in consolidation. The unaudited condensed consolidated financial statements included herein reflect all adjustments necessary to present fairly the financial position and results of operations for the periods indicated. The results of operations for the interim periods are not necessarily indicative of results to be expected for the year. Certain reclassifications have been made to the 1991 condensed consolidated financial statements to conform with the presentation used in 1992.

Earnings (loss) per common and common equivalent share

Earnings (loss) per common and common equivalent share is computed using UFGI's net income (loss), adjusted for redeemable preferred stock dividends and accretion of redeemable preferred stock to its redemption value. The adjusted net income (loss) is then divided by the weighted average number of common shares outstanding during the period, including dilutive common stock equivalents resulting from common stock options and redeemable preferred stock outstanding. Such average common and common equivalent shares were 8,074,370 for the three-month periods ended March 31, 1992 and 1991.

2. Commitments and contingent liabilities

In connection with its actions placing USAT into receivership on December 30, 1988, the FDIC made claims against the Company for damages equal to approximately $548 million (the "FDIC Claims"). The FDIC alleged that it was damaged by the Company's failure to maintain USAT's net worth in accordance with Federal Home Loan Bank Board regulations. Additionally, the FDIC claimed that, as a result of the Company's utilization of certain tax losses incurred by USAT, the Company was obligated to USAT for amounts related to federal income tax refunds obtained.

During 1989 and 1990, management of the Company negotiated with representatives of the FDIC concerning a possible settlement of the FDIC Claims. On December 5, 1990, the FDIC informed the Company that there would be no further attempts at that time to settle the FDIC Claims. In mid-1991, however, the Company and the FDIC reopened settlement negotiations as the Company sought to settle all claims against the Company. As of March 31, 1992, no settlement had been reached. In November 1991, the Company agreed with the FDIC to execute a Tolling Agreement which would toll the running of the statute of limitations and certain other equitable defenses for a period ending no later than July 31, 1992. Pursuant to the Tolling Agreement, counsel for the FDIC has notified the Company of possible claims the FDIC might have against the Company and certain former officers and directors of the Company and USAT. The Company may be obligated to indemnify the former officers and directors for any damages and/or expenses including legal expenses they may incur. The Company has agreed to advance legal and other expenses for these persons, provided, however, that if it is ultimately shown that such persons are not entitled to indemnification, they have agreed to reimburse the Company for any advances made on their behalf. As a result of the possible litigation arising out of the Company's attempt to settle all claims with the FDIC, together with the Company's potential obligations to indemnify certain current and former officers and directors of the Company and USAT, the Company has determined that it will not commit its assets to new business opportunities at this time. Should the Company elect to seek business opportunities while the FDIC Claims and other possible claims have not been finally resolved, the Company intends to keep a substantial portion of its assets in liquid investments.

After USAT was placed into receivership in 1988, former officers and directors of USAT and the Company sought amounts from the Company pursuant to the terms of various employment arrangements. During 1989, 1990 and 1991, the Company reached settlements with ten of these individuals whose claims against the Company exceeded $4.5 million. Those settlements required cash payments of approximately $1.4 million.

Included in "Other liabilities" at March 31, 1992 and December 31, 1991 are amounts accrued by the Company for contingent liabilities, including the FDIC Claims. Statement of Financial Accounting Standards No. 5, *Contingencies*, requires that management of the Company recognize a liability for estimated losses arising from asserted and unasserted claims when losses from such claims are probable and reasonably estimable. Periodically, management of the Company reviews its estimates of probable losses to determine whether the liabilities accrued for contingencies require adjustment.

3. Federal income taxes

No tax benefits have been recognized in connection with the Company's net loss in 1991 or for the first quarter of 1992.

At December 31, 1991, UFGI had a financial accounting tax loss carryforward and a tax net operating loss carryforward of approximately $4,069,000 which, if not utilized to offset future taxable income, will expire in the period from 1993 to 2006.

Under provisions of the Internal Revenue Code, a parent corporation that joins in filing a consolidated federal income tax return with its subsidiary must make certain annual adjustments to the tax basis of stock it owns in such subsidiary. The required adjustments include, among other things, a decrease in the tax basis for tax losses of a subsidiary utilized to offset income of the parent and for dividend payments made by a subsidiary to its parent corporation. If a parent has a negative tax investment basis (referred to as an "excess loss account") with respect to the stock of the subsidiary, the occurrence of certain events, including the determination that the stock of the subsidiary is "worthless", results in the recognition of the excess loss account in taxable income. Prior to USAT being placed into receivership, UFGI had an excess loss account with respect to its investment in USAT of approximately $75 million. However, in connection with the FDIC placing USAT in receivership and the subsequent sale of USAT's assets, the FDIC provided a note (the "FSLIC Note") in the approximate amount of $261 million to USAT. A subsequent audit resulted in an increase of the FSLIC Note to $309 million. UFGI received a ruling from the Internal Revenue Service that UFGI's tax basis in USAT's stock was increased by the amount of the FSLIC Note. On December 30, 1988, UFGI's adjusted basis in USAT's stock was written off. The amount of such basis was either $186 million or $234 million, depending on the treatment the subsequent increase of the FSLIC Note. As a result, the Company has a loss carryforward equal to such adjusted basis. It is uncertain whether such loss is characterized as a capital or an ordinary loss and the final determination of the nature of the loss could have a significant impact on its utilization and expiration. The Company has not determined whether it will seek a ruling on the nature of the loss. If a ruling is sought, there is no assurance that the Internal Revenue Service will issue any such ruling.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion provides information which management believes is relevant to an assessment and understanding of the Company's operations and financial condition. This discussion should be read in conjunction with the Condensed Consolidated Financial Statements (unaudited) and accompanying Notes included in Item 1.

Financial Condition

At March 31, 1992 and December 31, 1991, money market funds made up 85% of the Company's assets. Mortgage-backed securities, bonds and notes receivable made up the remainder of the Company's income-earning assets. Included in the $11.4 million total for "Cash and Cash Equivalents" at March 31, 1992 are certificates of deposit with one year or shorter maturities and an investment portfolio of government securities and commercial paper available for immediate withdrawals. At December 31, 1991, the Company's assets were similarly invested.

The Company's significant remaining liabilities at March 31, 1992 include the Company's 9% Secured Sinking Fund Debentures (the "Debentures") which mature in 1993 and amounts accrued for contingencies, as discussed in Note 2 of Notes to Condensed Consolidated Financial Statements, included herein.

Results of Operations

Interest income and investment income (loss)

Interest income for the three months ended March 31, 1992 was $177,000, compared to $232,000 in the first three months of 1991. That decrease is attributable to lower interest rates earned by the Company's short-term investments. Amounts invested short term were approximately the same during the quarters ended March 31, 1992 and 1991, but between January 1991 and March 1992, rates of interest on the Company's certificates of deposit dropped from an average of 8.15% to an average of 4.73%. Interest rates on other short-term investments by the Company similarly declined.

Other income

During the three-month period ended March 31, 1991, the Company recognized as income non-refundable amounts paid by a real estate developer in connection with a contract for the sale of the Company's real estate asset. The purchaser of the real estate defaulted on the contract. In the third quarter of 1991, the Company's real estate was sold, at a gain, to a different purchaser.

Salaries and related expenses

From January 1989 until August 1991, the Company maintained only four employees. In August 1991, the Chairman of the Board and President of the Company resigned, and on October 1, 1991, all other employees of the Company terminated their employment. As a result, the Company's salary expenses were eliminated as of October 1, 1991. Salaries and related expenses for the three months ended March 31, 1991 were $127,000 — approximately 26% of total expenses.

In connection with the October 1, 1991 termination of Arthur S. Berner, Executive Vice President, Secretary and General Counsel, and in satisfaction of any and all severance or other obligations of the Company in connection with such termination, Mr. Berner entered into a severance agreement, pursuant to which the Company will provide the law firm with which Mr. Berner has become affiliated a minimum retainer (the "Retainer") for each year in the two year period beginning October 1, 1991 and ending September 30, 1993. The Retainer will be in the amount of $150,000 per year, payable on October 1 of 1991 and 1992. Services rendered by Mr. Berner's firm during the ensuing twelve month periods after each payment will be charged against the prepaid Retainer. To the extent services rendered by the firm during the year beginning October 1, 1991 and ending September 30, 1992 exceed $150,000, the Retainer for the year beginning October 1, 1992 and ending September 30, 1993 will be reduced by the amount of such excess. If Mr. Berner's firm is precluded from representing the Company on certain specified matters due to a conflict of interest, the Retainer may be reduced by an amount equal to the fees paid to other counsel for providing services resulting from this conflict, but only to the extent the Company does not retain other counsel to represent the Company on matters as to which Mr. Berner's firm would be in a position to represent the Company. At the time of his termination, pursuant to the severance agreement, Mr. Berner acquired his Company-owned automobile, and the Company agreed to pay for a portion of his health, disability and life insurance through the period ending October 1, 1993.

The Company entered into a one-year contract with a former employee and a firm of certified public accountants to provide for certain of the Company's accounting and administrative functions. The cost of those services is included in general and administrative expenses.

General and administrative expenses

General and administrative expenses for the three month periods ended March 31, 1992 and 1991 were dominated by legal fees related to the negotiation of settlements of the claims described in Note 2 of Notes to Condensed Consolidated Financial Statements, included herein. In the three-month periods ended March 31, 1992 and 1991, legal fees were 56% and 57% of total general and administrative expenses. Other professional services, primarily audit and accounting fees, were 15% and 10% of total general and administrative expenses for the three-month periods ended March 31, 1992 and 1991, respectively. No other expense type included in general and administrative represents more than more than 10% of the total.

In the quarter ended March 31, 1992, general and administrative expenses were $66,000 lower than such expenses in the same quarter of 1991. This decrease is primarily due to a decline in legal fees from $148,000 in the first quarter of 1991 to $109,000 in the first quarter of 1992. Other categories of general and administrative expense, including such items as travel, office expenses and insurance, declined as a result of the termination of all employees, as described above.

Interest expense

Interest expense for the three months ended March 31, 1992 was unchanged from the same period in 1991. The 9% Secured Sinking Fund Debentures due 1993, which require sinking fund payments in 1992 and 1993, were the only debt of the Company during both quarters.

PART II - OTHER INFORMATION

Item 3. ***Defaults Upon Senior Securities***

Since May 1, 1988, quarterly dividends on UFGI's Series B $13 Cumulative Preferred Stock (the "Series B Preferred") in the amount of $191,000 were due and have not been paid. As of March 31, 1992, the total amount of arrearages in the payment of the Series B Preferred dividends was $3,053,700 In addition, UFGI was required to make sinking fund payments for the redemption commencing May 1, 1989, of certain shares of such Series B Preferred in the amount of $147,000 per quarter. As a result of UFGI's capital position, pursuant to Section 170 of the Delaware Corporation Law, UFGI was not legally permitted to make such sinking fund and dividend payments. In addition, the Board of Directors of UFGI has determined not to make any further preferred stock dividend or sinking fund payments on any class of preferred stock until further action of the Board of Directors changes such determination.

Pursuant to the terms of the Series B Preferred, any dividend not paid will accumulate, and UFGI will be unable to pay dividends on its Common Stock until all dividend arrearages are paid. In addition, since UFGI has failed to make five dividend payments when due (whether consecutive or not), the holder of the Series B Preferred is entitled to elect one person to the Board of Directors at the next Annual Meeting of Stockholders of the Company. The Series B Preferred holder has not opted to elect such a director.

Item 5. ***Other Information.***

The Company has received an exemption from the registration requirements of the Investment Company Act of 1940. Such exemption will expire on December 30, 1992.

Item 6. ***Exhibits and Reports on Form 8-K***

(a) Exhibits

Exhibit 11 - Computation of Earnings (Loss) per Common and Common Equivalent Share for the Three Months Ended March 31, 1992 and 1991

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED FINANCIAL GROUP, INC.
Registrant

By:

April 12, 1992

Paul N. Schwartz
Chairman of the Board,
President, Chief Executive Officer and
Chief Financial Officer

UNITED FINANCIAL GROUP, INC.

EXHIBIT INDEX

Exhibit Number		*Page*
11	Computation of Net Income (Loss) per Common and Common Equivalent Share for the Three Months Ended March 31, 1992 and 1991	13

UNITED FINANCIAL GROUP, INC.

EXHIBIT 11

COMPUTATION OF NET INCOME (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE
(Unaudited)

	In Thousands Except Per Share Data	
	Three Months Ended March 31,	
	1992	1991
Computation of net income (loss) applicable to common stock:		
Net loss	$ (97)	(131)
Preferred stock dividends accrued	(191)	(191)
Accretion of redeemable preferred stock to redemption value	(10)	(10)
Net loss applicable to common stock	$ (298)	(332)
Computation of average common and common equivalent shares:		
Common shares outstanding at beginning of period	8,074	8,074
Average common and common equivalent shares	8,074	8,074
Net loss per common and common equivalent share	$ (0.04)	(0.04)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended March 31, 1992
Commission file number 2-67860

O92-2263

VAC-TEC SYSTEMS, INC.
(Exact name of Registrant as specified in its charter)

Colorado
(State or other jurisdiction of incorporation or organization)

84-0703717
(I.R.S. Employer Identification No.)

6101 Lookout Road
Boulder, Colorado
(Address of principal executive offices)

80301
(Zip Code)

(303) 530-2700
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such short period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

Yes_____ No X

The number of shares outstanding of the issuer's common stock, $.01 par value, as of the close of business of March 31, 1992 is 74,604,533.

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VAC-TEC SYSTEMS, INC.

FORM 10-Q

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VAC-TEC SYSTEMS, INC.

PREFACE:

The level of sales and revenues achieved by Vac-Tec Systems, Inc. deteriorated significantly in the year ended December 31, 1992 and has continued to do so through the first quarter of 1992. In October of 1991, Amdura Corporation, the Company's majority share holder and lender restructured its interests in the Company and transferred those interests including a note payable secured by all of the assets of the company to their unsecured creditors, the Amdura Liquidating Trust No. 1 (Trust).

As a result of the Company's inability to produce significant revenues or profitable operations, it has been unable to address its creditors, vendors, and lessors. It has been on a C.O.D basis for all material ordered to complete work, and has peaceably surrendered leased property including, in March, the main computer system which contained, among other items, the Ledgers of the Company.

On May 12, 1992 the Company reported that the Trust had notified Vac-Tec that it was in default under the terms of the Security Agreement the Trust holds and that the Trust sought surrender of the collateral. In the same report Vac-Tec announced an orderly cessation of operations. On June 22, 1992, the Trust and Vac-Tec completed a Collateral Surrender Agreement effective June 2, 1992, and the Trust has begun liquidation of the collateral. Should an amount in excess of the Note Payable result from the liquidation, the excess shall be returned to Vac-Tec.

VAC-TEC SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991 (Unaudited) *
Current Assets:		
Cash	$ 13,795	$ 31,180
Receivables, net of allowance for doubtful accounts of $57,191 and $57,434, respectively	27,270	114,722
Inventories	1,519,420	1,820,126
Prepaid expenses and other assets	43,761	42,497
Total Current Assets	$ 1,604,246	$ 2,008,525
Other Investments	$ 7,980	$ 7,980
Equipment, net of accumulated depreciation and amortization of $2,068,260 and $2,019,421, respectively	854,171	917,861
Patents, net of accumulated amortization of $445,892 and $437,966, respectively	245,667	253,593
	$ 2,712,064	$ 3,187,959
LIABILITIES AND SHAREHOLDERS' EQUITY (Deficiency in Assets)		
Current Liabilities:		
Notes Payable	$ 35,620	$ 12,500
Accounts Payable	595,102	393,645
Accrued Expenses and Other Current Liabilities	306,045	578,553
Total Current Liabilities	$ 936,767	$ 984,698
Long-Term Debt	$ 2,010,173	$ 2,009,920
Shareholders' Equity (Deficiency in Assets)		
Common stock, $.01 par value; authorized 75,000,000 shares; issued and outstanding 74,604,533 and 74,602,833, respectively.	746,045	746,028
Additional paid - in capital	16,628,355	16,628,372
Deficit	(17,609,276)	(17,181,059)
	(234,876)	(193,341)
	$ 2,712,064	$ 3,187,959

* The Condensed Consolidated Balance Sheet at December 31, 1991 has been taken from the Financial Statements at that date. Those statements were unaudited. See Notes to Financial Statements.

VAC-TEC SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended	
	March 31, 1992	March 31, 1991
REVENUES - Net Sales	$ 113,849	$ 290,221
COSTS AND EXPENSES		
Cost of sales	319,841	438,599
Selling, general and administrative	220,068	426,859
Research and product development	1,240	131,553
Net Interest expense (Income)	917	(19,418)
	$ 542,066	$ 977,593
NET INCOME (LOSS)	$ (428,217)	$ (687,372)
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	$ (428,217)	$ (769,722)
NET INCOME (LOSS) PER COMMON SHARE:		
Primary-Net Income (Loss)	$ (.01)	$ (.03)
Fully Diluted-Net Income (*Loss)	$ *	$ *
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Primary	74,604,533	25,468,924
Fully Diluted	74,604,533	25,468,924

* Anti-Dilutive

See Notes to Financial Statements.

VAC-TEC SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31, 1992	March 31, 1991
Operating Activities		
Net Income (Loss)	$ (428,217)	$ (687,372)
Adjustments to reconcile net income to cash provided (used) by operating activities		
Depreciation and Amortization	56,765	80,437
Provision for losses on Receivables and inventory	(243)	36,951
(Increase) Decrease in Receivables	87,695	931,597
(Increase) Decrease in Inventories	300,706	(251,215)
(Increase) Decrease in Prepaid Expenses and other assets	(1,264)	52,071
(Increase) Decrease in Patents	-0-	(1,803)
Increase (Decrease) in Accounts Payable	201,457	(221,825)
Increase (Decrease) in Accrued Expenses and Other Current Liabilities	(272,508)	(58,294)
Net Cash Provided (Used) by Operating Activities	(55,609)	(119,453)
Investing Activities		
Disposition of Equipment	14,851	(25,514)
Other Investments	-0-	-0-
Net Cash Provided (Used) by Investing Activities	14,851	(25,514)
Financing Activities		
Net Proceeds from Note Payable and Long Term Debt	23,373	-0-
Payments on Long Term Debt and Capital Lease Obligations	-0-	(14,811)
Net Cash Provided by Financing Activities	23,373	(14,811)
Increase (Decrease) in Cash	(17,385)	(159,778)
Cash at Beginning of Period	31,180	1,264,984
Cash at End of Period	$ 13,795	$ 1,105,206
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period Ended for Interest	$ 952	$ 2,184

See Notes to Financial Statements

VAC-TEC SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three Months March 31, 1992
(Unaudited)

A. ACCOUNTING POLICIES:

Reference is made to Note A of the Financial Statements included in the Form 10-K for the year ended December 31, 1991 which describes the accounting policies of Vac-Tec Systems, Inc. (the "Company") for annual reporting purposes. The Annual Statements presented in Form 10-K for the year ended December 31, 1991 are unaudited. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments necessary to present fairly the financial position, results of operations and the changes in financial position at March 31, 1992, and for all periods presented.

B. INCOME TAXES:

No income tax benefits have been recorded on the net income for the period ended March 31, 1992. If any income taxes are due for the year ended December 31, 1992 they will, in the opinion of management, be substantially offset by net operating loss carryovers.

C. SHAREHOLDERS' EQUITY (Deficiency in Assets):

No dilution is applicable to the 1992 period as a result of the restructuring of Amdura's Interests in October, 1991. See Note E of this report.

For the 1991 period, Net income (loss) per common share on a primary basis was computed on net earnings reduced by annual dividend requirements on convertible preferred stock and was based upon the weighted average number of common shares outstanding each period. Net income (loss) per common share on a fully diluted basis was computed based upon the weighted average number of common shares outstanding during the year, adjusted for dilution assuming conversion of preferred stock. Where net income (loss) per common share on a fully diluted basis was the same as primary net income (loss) per common share, it was due to the anti-dilutive effect of assumed conversion of preferred stock.

No dividends have been paid or declared on the common stock of the Company.

NOTES TO FINANCIAL STATEMENTS (Cont'd)

As of March 31, 1991, accumulated and unpaid dividends on Series I and Series II Preferred Stock were $2,231,250 and $82,480, respectively.

D. INVENTORIES:

Inventories consist of the following:

	March 31, 1992	December 31, 1991
Raw Material	$ 418,557	$ 505,937
Work-in-Process	1,244,143	1,314,189
	$ 1,662,700	$ 1,820,126
Less: Advance Payments	143,280	-0-
	$ 1,519,420	$ 1,820,126

E. OTHER MATTERS:

On October 17, 1991, Amdura Corporation, the former majority shareholder, restructured its interests in the Company exchanging Preferred Stock and unpaid dividends, warrants and a note payable for approximately $11.2 million, for 49,133,109 shares of Common Stock and a two year, zero coupon note payable which will pay $2 million at maturity and is secured by all of the Company's assets. On October 23, 1991, under the terms of its confirmed plan of reorganization, Amdura transferred its debt and equity interest in the Company to the Amdura Liquidating Trust No. 1, a trust for the unsecured credits of Amdura. The Trust now holds 63,642,564 shares of Common Stock and the $2 million Note Payable.

Additionally, under the terms of the Plan of Reorganization, on the effective date of the Plan, the Trust issued to Continental Bank, as agent for the Bank Group, an Amdura creditor (Continental), a non-negotiable warrant which can be exercised for $1,000 and which will entitle the holder to receive, upon exercise, 50% of Company's common capital stock included in the Company's New Capital Stock and Note transferred to the Trust. Such warrant cannot be transferred by the holder at any time and cannot be exercised for two years following the effective date of liquidation or sale of all or substantially all of the assets of the Company, in which case such warrant shall be exercisable on a timely basis allowing the holder to participate in any such transaction as an equity holder in the Company. The warrant includes provisions giving the Trust a right of first refusal to acquire the Company's common capital stock obtained upon its exercise from Continental, in the event that Continental receives a bona fide written offer to purchase such stock from a third party.

In May of 1992, the Trust notified the Company that Vac-Tec was in default under the terms of the Security Agreement to the Note Payable and sought surrender of the collateral. On June 22, 1992 the Company and the Trust completed a Collateral Surrender Agreement which provided for peaceable surrender. The Trust will proceed to liquidate the collateral by conducting sales in a commercially reasonable manner, and unless the sale is at auction, will obtain Vac-Tec's consent as to the manner of sale.

As consideration to Vac-Tec for the peaceable surrender, the Trust will credit Vac-Tec for an implicit interest factor in respect of the Note, calculated at 8%. The implicit interest, together with the proceeds of the liquidation shall be applied to the secured debt and any amount in excess shall be returned to Vac-Tec.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

	Three Months Ended March 31, 1992	 March 31, 1991
Net Revenues	$ 113,849	$ 290,221
Cost of Sales	319,841	438,599
Selling, General and Administrative	220,068	426,859
Research, Product and Technology Development	1,240	131,553
Net Interest Expense (Income)	917	(19,418)
Net Income (Loss)	$ (428,217)	$ (687,372)

The Company recorded a loss of $428,217 on operations for the three month period ending March 31, 1992 compared to a loss on operations of $687,372 for the same period ending March 31, 1991. Revenues were $113,849 for the first quarter of 1991, and $290,221 for the like period in 1990. Both period revenues were derived from sales of cathodes, components, coating services and other.

On May 8, 1992, the Company announced that it planned an orderly cessation of its operations. This, coupled with staff reductions from layoffs and voluntary terminations and severe cash flow constraints since before the beginning of the year have limited the Company's ability to seek or acquire new orders. Orders taken during 1992 have been limited to cathodes and replacement parts in addition to the sale of systems from inventory at significantly reduced prices. At the present, only the few orders on hand are being addressed on a close-out basis.

Cost of sales for the period was 281% of net revenues in 1992 compared to 151% in 1991. Unabsorbed staffing costs, post shipment costs and other accruals and charges were included in the cost of sales. The lack of sales units as evidenced by the reduced level of revenue in the current year contributed to both the level of some of the non-product costs and the percentage relationship to sales.

Selling, general and administrative expenses were $220,068 for the 1992 quarter, a decrease of 48% compared to $426,859 for the 1991 period. The decrease was primarily the result of reduced staff and activity.

Research, Product and Technology Development expenses were, $1,240, in 1992 compared to $131,553 in 1991. The Company has discontinued the Development Department and is only addressing tasks already under way.

MANAGEMENT DISCUSSION (Cont'd)

INTEREST

Interest expense for the three months ended March 31, 1992 was $917 compared to interest income of $19,418 for the same period the prior year.

FINANCIAL CONDITION

The company is without opportunity to obtain funds from a lender and has been unable to derive sufficient working capital from operations to continue as a going concern. On May 5, 1992, the Amdura Liquidating Trust No. 1 (Trust), holder of the Company's Note Payable, notified Vac-Tec that it was in default under the terms of the security agreement and sought surrender of the collatoral to the note, namely all of the Company's assets.

On June 22, 1992, the Company and the Trust completed a Collateral Surrender Agreement which was effective June 2, 1992 and provided for the peaceful surrender of the collateral. The agreement provides that as the Trust receives possession, it will proceed to liquidate the collateral.

As consideration for the peaceable surrender of the collateral, the Trust will credit Vac-Tec for implicit interest, calculated at 8%, which together with the proceeds of the Liquidation will be applied to the secured debt. Any amounts, if any, remaining in excess of the secured debt shall be returned to Vac-Tec.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is a licensee of a certain United States patent pertaining to magnetron sputtering sources, under a license agreement dated July 1, 1987. The license agreement provides, in part, that the Company pays the licensor, The BOC Group, Inc., a royalty of $25 per square inch of area of the largest target that each source covered by the patent is designed to accommodate in normal operation. The Company has duly paid the licensor the royalties on all devices which the Company believes are covered by the patent.

The licensor has taken the position that certain devices which the Company believes are not covered by the patent actually are covered by the patent and, therefore, that royalties and interest are due on those devices. Based on that position, the licensor has purported to terminate the license agreement for the Company's failure to pay those royalties and filed suit against the Company on June 29, 1989 in the United States District Court for the District of Colorado for the unpaid royalties and for infringement of the patent. The licensor's complaint claims unpaid royalties of over $400,000, plus additional royalties accruing since the date the complaint was filed, plus interest and attorney fees.

The Company believes its position is sound and defensible. The Company has filed an answer which, in part, denies that the patent covers the devices on which the Company has not paid royalties and which counterclaims for a declaration of invalidity of the patent and for damages for violations of the antitrust laws by the licensor. The case is now in the discovery phase. In response to cross-motions for summary judgment filed by the parties, the Court on June 9, 1992 ruled that the previous case did not preclude the Company from challenging the enforceability of the patent or from denying that the patent covers the devices in dispute, but that the previous case did preclude the Company from contesting the validity of the patent.

The licensor also filed a motion on November 16, 1989 in the United States District Court for the Southern District of Michigan, for an order that the Company be held in contempt, based on a settlement agreement between the parties in an earlier case in that District which lead to the license agreement described above. The Company moved for a dismissal of the Michigan motion on the grounds that it involved the same issues as the Colorado action. The motion was granted and the Michigan action was dismissed without prejudice on July 11, 1990.

Item 6. Exhibits and Reports on Form 8-K

(a) Reports on Form 8-K

(i) Form 8-K filed April 17, 1992. Acquisition or Disposition of Assets - Announcement of Agreement in Principle to sell intellectual property.

(ii) Form 8-K filed May 8, 1992. Other Events Announcement of cessation of operations and notification of default under Security Agreement.

(iii) Form 8-K filed June 24, 1992. Acquisition or Disposition of Assets. Announcement of Collateral Surrender Agreement.

VAC-TEC SYSTEMS, INC.

Exhibit No. 11: Calculation of Net Income (Loss) Per Common Share

PRIMARY NET INCOME (LOSS) PER SHARE:	Three Months Ended	
	March 31, 1992	March 31, 1991
Net income (loss) applicable to common stock:		
Net income (loss) per statement of operations	$ (428,217)	$ (687,372)
Deduct - dividends on 9% convertible preferred stock		
Series I	-0-	78,750
Series II	0-	3,600
Net income (loss), as adjusted	$ (428,217)	$ (769,722)
Average number of common and common equivalent shares outstanding:		
Weighted average number of shares outstanding	74,604,533	25,468,924
Weighted average number of common shares outstanding, as adjusted	74,604,533	25,468,924
Primary net income (loss) per share	$ (.01)	$ (.03)

FULLY DILUTED NET INCOME (LOSS) PER SHARE:	Three Months Ended	
	March 31, 1992	March 31, 1991
Net income (loss) applicable to common stock on a fully diluted basis:		
Net income (loss) per primary computation	N/A	$ (769,722)
Add dividends on assumed conversion		-0-
Net income (loss) as adjusted		$ (769,722)
Average number of shares outstanding on a fully diluted basis:		
Weighted average number of shares outstanding per primary computation		25,468,924
Weighted average number of shares outstanding as adjusted		25,468,924
Fully diluted net income (loss) per share		$ (.03)

VAC-TEC SYSTEMS, INC.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VAC-TEC SYSTEMS, INC.
(Registrant)

DATE: July 2, 1992

By
Robert S. Clarke
President and
Chief Executive Officer

By
Allan J. Byer
Chief Financial Officer

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WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

P92.2203

For Quarter Ended:	March 31, 1992
Commission File Number:	0-5833
Name of Registrant:	VIDA MEDICAL SYSTEMS, INC.
State of Incorporation:	NEVADA
Employer Identification No.:	94-1713830
Principal Executive Office:	Suite 150 150 Cambridge Avenue Palo Alto, CA 94306
Registrant's Telephone No.:	415/322-8498
Registrant's Former Name:	None During Past 5 Years

BASIC INFORMATION

APPLICABLE TO ALL ISSUERS:

Indicate whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days:

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

NOT APPLICABLE

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

One class only, all common stock
14,368,265 shares outstanding as of the date hereof.

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Q-Data Corp. - St. Petersburg, FL

PART II: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

The financial statements required by Rule 10-01 of Regulation S-X are attached hereto and by this reference made a part hereof.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The registrant has at present no operations. Its only income is from interest on deposits of money. Its expenses arise out of its administrative activities, principally from the expenses of SEC compliance. These expenses exceed the interest income of registrant. For this reason, registrant incurs modest losses and a negative cash flow. These losses and negative cash flow will continue for the foreseeable future. The registrant has no plans or expectations of if or when this situation might change, or how such a change might be brought about, or how or when it might resume business operations, or what such operations might be. Such business losses and negative cash flow might eventually consume all of the registrant's capital.

PART III: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The registrant is not now engaged in any legal proceedings.

ITEM 2. CHANGES IN SECURITIES.

a. No securities of the registrant have been materially modified.

b. No securities of the registrant have been materially limited.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

a. The registrant has outstanding no senior debt securities.

b. The registrant has outstanding no preferred securities.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

a. The registrant has held no meeting of its security holders during the past ten years.

b. No directors have been elected by a vote of the registrant's securities holders.

c. No matter has been voted upon by the registrant's securities holders.

d. There has been no settlement between the registrant and any other party terminating any solicitation of proxies.

ITEM 5. OTHER INFORMATION. NONE.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a. The registrant has issued none of the documents listed in Table II of Item 7 of Regulation S-K, in particular document number 4 (an instrument defining the rights of securities holders), document number 11 (a statement re computation of per share earnings), document number 19 (a letter re change in accounting principles), document number 20 (any previously unfiled document), or document number 23 (a published report regarding matters submitted to a vote of securities holders).

b. No reports on From 8-K were filed by the registrant during this quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: 6·30·96

VIDA MEDICAL SYSTEMS, INC.

By James Hogan
President and Treasurer

VIDA MEDICAL SYSTEMS, INC.

LIST OF FINANCIAL STATEMENTS

ALL UNAUDITED

Balance Sheet as of March 31, 1992

Statement of Profit for the Quarter ended March 31, 1992

Statement of Changes in Cash Position for the Quarter ended March 31, 1992

Notes to Financial Statements

VIDA MEDICAL SYSTEMS, INC.

BALANCE SHEET

March 31, 1992

UNAUDITED

ASSETS

CURRENT ASSETS		
CASH		$ 3,094

LIABILITIES AND STOCKHOLDERS EQUITY

STOCKHOLDERS' EQUITY		
Common Stock: Par value $.25 per share; authorized 50,000,000 shares, issued and outstanding 14,368,265 shares	$ 1,514,283	
Accumulated Deficit:	$ 1,511,189	
TOTAL:		$ 3,094

The accompanying notes are an integral part of these financial statements

VIDA MEDICAL SYSTEMS, INC.
STATEMENT OF PROFIT AND ACCUMULATED DEFICIT

PERIOD ENDING March 31, 1992

UNAUDITED

Interest income	$ 27
Expenses	$ 21
NET INCOME:	$ 6
Accumulated Deficit December 31, 1991	$ 1,511,195
Accumulated Deficit September 30, 1991	$ 1,511,189
Net Loss Per Share	$ 0

The Accompanying notes are an integral part of these financial statements.

VIDA MEDICAL SYSTEMS, INC.

STATEMENT OF CHANGES IN CASH POSITION
PERIOD ENDING March 31, 1992

UNAUDITED

Use of Funds	
Net Profit	$ 6
Increase in Cash	$ 6
Cash, December 31, 1991	$ 3,088
Cash, September 30, 1991	$ 3,094

The accompanying notes are an integral part of these financial statements.

VIDA MEDICAL SYSTEMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: PREVIOUS BANKRUPTCY REORGANIZATION

The Company filed a petition under Chapter 11 of the Bankruptcy Act on December 8, 1978, in the Bankruptcy Court of the United States District Court for the Northern District of California. A Plan of Arrangement was confirmed by the Court on October 16, 1980, and a Final Decree was entered June 17, 1981. Under the Plan, all debts of the Company were discharged except that the Company was contingently liable to pay certain creditors no more than $93,815 from (a) 100% of all future royalty income, if any, and (b) 10% of annual net income from operations, if any, not to exceed $15,000 in any given year and not to exceed the total amount of $93,815. Since the aforesaid dates, the Company has had no royalty income and the Company has had no income from operations. Accordingly, the Company has never made any such payments to its former creditors. The Company does not expect ever to receive any royalty income in the future and does not now foresee that it can or will begin any operations in the future. For those reasons, on July 30, 1986, the Company wrote off all contingent liability and notified former creditors that no contingent payments would ever be made. The Company has received no response to that notice. The Statute of Limitations has now run as to any such contingent liability barring any action to enforce the aforesaid contingent payments.

NOTE 2: COMMON STOCK

The Company has authorized a single class of common stock. The number of outstanding shares at December 31, 1986, and 1987 was adjusted to reflect amounts that were independently confirmed by the Company's stock transfer agent prior to December 31, 1986. Since that confirmation, the Company has issued no additional stock. In order to save money, the Company now performs its own stock transfer and registrar functions.

NOTE 3: TAX LOSS AND CARRYFORWARD

The Company has a net operating loss carryforward of approximately $32,000 which is available to reduce future taxable income.

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FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR (15d) OF THE SECURITIES EXCHANGE ACT OF 1934

Qn. 2263

For the quarterly period ended March 31, 1992

OR

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

55-55

For the transition period from ____________________ to ____________________

PROCESSED BY
MAY 7 1992

Commission file number 0-9876

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WEST ONE BANCORP

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Q-Data Corp. - St. Petersburg, FL

Idaho
(State or other jurisdiction of incorporation or organization)

82-0362647
(I.R.S. Employer Identification No.)

101 South Capitol Boulevard, P.O. Box 8247, Boise, Idaho 83733
(Address of principal executive offices) (Zip Code)

(208) 383-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes _X_ No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

At April 20, 1992, 14,060,342 shares of the registrant's common stock, $1 par value, were outstanding.

EXHIBIT INDEX IS LOCATED ON PAGE 8

CONSOLIDATED BALANCE SHEETS

WEST ONE BANCORP AND SUBSIDIARIES (Unaudited)

(Dollars in thousands)	March 31, 1992	March 31, 1991	December 31, 1991
Assets			
Cash and due from banks	$ 296,263	$ 365,230	$ 315,573
Due from banks - interest bearing	312,900	251,834	174,101
Federal funds sold, securities purchased under agreements to resell and other	5,945	25,627	30,434
Investment securities:			
United States Treasury and other Government agencies	479,799	487,098	538,351
State and municipal bonds	213,142	187,281	209,548
Mortgage-backed securities	235,153	241,919	292,875
Other	192,356	131,987	179,097
Total investment securities	1,120,450	1,048 285	1,219,871
Loans:			
Commercial	1,074,051	1,032,715	1,062,411
Agricultural	277,370	258,652	317,480
Real estate	1,179,438	1,085,895	1,179,101
Consumer	775,546	773,787	797,076
Leases	135,883	122,216	141,383
Total loans	3,442,288	3,273,265	3,497,451
Allowance for credit losses	(54,356)	(49,413)	(53,048)
Net loans	3,387,932	3,223,852	3,444,403
Premises and equipment	88,672	90,577	90,491
Interest receivable	44,538	52,030	47,778
Other assets	90,283	94,539	94,548
Total assets	$ 5,346,983	$ 5,151,974	$ 5,417,199
Liabilities			
Deposits:			
Noninterest bearing	$ 692,021	$ 701,005	$ 669,037
Interest bearing demand	454,005	395,941	438,294
Regular and money market savings	1,202,282	960,716	1,129,957
Time certificates under $100,000	1,324,951	1,471,679	1,437,245
Time certificates $100,000 and over	340,768	414,598	369,875
Total deposits	4,014,027	3,943,939	4,044,408
Federal funds purchased and securities sold under agreements to repurchase	688,689	609,972	618,861
Other short-term borrowings	70,748	126,485	206,284
Long-term debt	110,434	59,281	111,881
Other liabilities	84,812	70,234	68,717
Total liabilities	4,968,710	4,809,911	5,050,151
Shareholders' equity			
Common stock, $1.00 par value: Authorized 36,000,000 shares; issued and outstanding 14,050,832, 13,857,061 and 14,031,202 shares, respectively	14,051	13,857	14,031
Capital surplus	174,468	168,956	173,823
Retained earnings	189,754	159,250	179,194
Total shareholders' equity	378,273	342,063	367,048
Total liabilities and shareholders' equity	$ 5,346,983	$ 5,151,974	$ 5,417,199

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF INCOME

West One Bancorp and Subsidiaries (Unaudited)

(Dollars in thousands, except per share data)	For the quarter ended March 31, 1992	1991
Interest income		
Loans	$ 79,539	$ 86,482
Short-term investments	3,195	4,100
Interest and dividends on investments:		
United States Treasury and other Government agencies	9,106	10,243
State and municipal bonds	3,356	3,111
Other	8,185	7,310
Total interest income	103,381	111,246
Interest expense		
Deposits	40,515	51,992
Federal funds purchased and securities sold under agreements to repurchase	5,979	8,212
Other short-term borrowings	1,309	2,551
Long-term debt	2,422	1,710
Total interest expense	50,225	64,465
Net interest income	53,156	46,781
Provision for credit losses	4,846	6,313
Net interest income after provision for credit losses	48,310	40,468
Noninterest income		
Trust fees and commissions	2,733	2,561
Service charges on deposit accounts	7,108	5,855
Other service charges, fees and commissions	6,851	5,981
Other income	2,128	3,994
Securities gains	698	25
Total noninterest income	19,518	18,416
Noninterest expense		
Employee compensation and benefits	23,648	22,166
Net occupancy	2,970	2,897
Equipment	3,472	3,004
Supplies and services	6,266	5,892
Marketing	1,523	1,915
Insurance	3,075	2,602
Other operating expense	6,227	4,882
Total noninterest expense	47,181	43,358
Income before taxes	20,647	15,526
Provision for income taxes	6,434	4,408
Net income	$ 14,213	$ 11,118
Primary earnings per share	$ 1.00	$ .80
Fully diluted earnings per share	.95	.80
Dividends declared per share	.26	.24

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

West One Bancorp and Subsidiaries (Unaudited)

(Dollars in thousands)	For the three months ended March 31, 1992	For the three months ended March 31, 1991
Cash flows from operating activities:		
Net income	$ 14,213	$ 11,118
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	4,846	6,313
Depreciation of premises and equipment	2,546	2,305
Amortization and accretion of premiums and discounts	1,735	1,343
Amortization of intangible assets and other assets	1,839	1,447
Gain on reacquisition of long-term debt	(73)	(1,768)
Change in assets and liabilities:		
Interest receivable	3,240	(366)
Trading account securities	9,272	331
Other assets	8,142	(3,483)
Other liabilities	(6,072)	4,251
Net cash provided by operating activities	39,688	21,491
Cash from investing activities:		
Change in other short-term investments, maturities less than 90 days	(124,594)	(169,919)
Purchase of investment securities	(145,181)	(155,862)
Maturities, retirements and sales of investment securities	259,767	143,314
Change in loans	48,864	9,666
Purchase of premises and equipment	(1,456)	(1,381)
Sale of premises and equipment	729	89
Additions to intangible assets	(421)	(10)
Sale of other real estate owned	3,478	1,322
Net cash provided by (used by) investing activities	41,186	(172,781)
Cash from financing activities:		
Deposits	(30,381)	83,058
Other short-term borrowings, maturities less than 90 days	(120,568)	82,321
Proceeds from short-term borrowings	89,194	53,172
Payments on short-term borrowings	(34,334)	(18,422)
Payments on long-term debt	(1,380)	(13,589)
Proceeds from issuance of common stock	652	1,455
Cash dividends paid	(3,367)	(2,930)
Net cash provided by (used by) financing activities	(100,184)	185,065
Net increase (decrease) in cash and due from banks	(19,310)	33,775
Cash and due from banks at beginning of year	315,573	331,455
Cash and due from banks at March 31,	$ 296,263	$ 365,230
Supplemental information:		
Total interest paid	$ 50,824	$ 64,188
Total income taxes paid	586	600
Loan charge-offs	6,435	6,705
Securities purchased not settled	21,894	–

The accompanying notes are an integral part of the financial statements.

These statements are unaudited financial statements and should be read in conjunction with the 1991 Annual Report of West One Bancorp and Subsidiaries (the Company). All adjustments (consisting only of normal recurring accruals and the acquisition as discussed below) which are, in the opinion of management, necessary to present fairly the consolidated financial position and results of operations have been made in the accompanying financial statements.

RECLASSIFICATION Certain reclassifications of 1991 amounts were made in order to conform to the 1992 presentation, none of which affect previously reported net income.

ACQUISITION In December, 1991, the Company acquired all of the outstanding stock of Washington Federal Savings Bank, in exchange for 1,024,515 shares of the Company's common stock. The combination has been accounted for as a pooling of interests and all financial data for periods prior to the acquisition has been restated to include Washington Federal Savings Bank.

SUBSEQUENT EVENTS On April 2, 1992, West One Bancorp entered into definitive agreements with Bank of America Oregon (Bank America), Security Pacific Bank Washington and Security Pacific Savings Bank (Security Pacific) to acquire 38 branches in Washington from Security Pacific and three branches in Oregon from Bank America. As a result, West One Bancorp will assume deposit liabilities of approximately $1.3 billion and loans of approximately $800 million from Security Pacific and deposit liabilities of approximately $54 million from Bank America. The acquisition is subject to regulatory approval.

On April 24, 1992, West One Bancorp entered into a definitive agreement with Yakima Valley Bank in Yakima, Washington to acquire all outstanding common stock of Yakima Valley Bank in exchange for shares of West One Bancorp common stock. The purchase price is $17.5 million plus the annualized undistributed 1992 net income of Yakima Valley Bank computed through the month-end preceding the actual closing date. The value of West One Bancorp's common stock will be determined based on average market price during a specified period preceding the acquisition date. The acquisition of this four-branch, $120 million asset bank is subject to approval by regulatory authorities and the shareholders of Yakima Valley Bank.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PERFORMANCE SUMMARY

West One Bancorp reported earnings of $14.2 million in the first quarter of 1992, a 28% increase compared to the $11.1 million earned in the first quarter of 1991. Fully diluted earnings per share were $.95 for the first quarter of 1992 compared with $.80 in the same period last year. The Corporation achieved a return on average assets of 1.07% and return on average shareholders' equity of 15.39% in the first quarter of 1992. The improvement in earnings was primarily attributable to higher net interest income and a lower provision for credit losses.

Economic conditions improved in the Corporation's market area of Idaho, Oregon, Utah and Washington during the first quarter of 1992. Idaho's non-farm employment grew at the fastest rate in the nation, while Washington's growth was tenth, Utah's eleventh and Oregon's fourteenth among the fifty states. Residential construction activity was strong in Idaho and Utah throughout 1991 and continued to perform well during the first quarter of 1992. Oregon and Washington experienced slowdowns in residential construction activity in 1991; however, strong signs of recovery were evident in the first quarter of 1992.

NET INTEREST INCOME

Taxable equivalent net interest income was $56.3 million in the first quarter of 1992, up 13% from $49.7 million in the same period last year. The increase resulted from earning asset growth and a higher net interest margin. During the first quarter of 1992, earning assets averaged $4.9 billion, an 8% increase from $4.5 billion in the comparable period last year. The Corporation's net interest margin was 4.66% for the first quarter of 1992, up 18 basis points from 4.48% in the first quarter of 1991. Strong economic conditions, a steeper yield curve and a favorable funding mix contributed to higher net interest income in the first quarter of 1992. The unavailability of federal treasury, tax and loan balances during the first quarter of 1992 caused a decline in other short borrowings.

PROVISION AND ALLOWANCE FOR CREDIT LOSSES

The provision for credit losses was $4.8 million in the first quarter of 1992, a 23% decline from $6.3 million for the same period a year ago. Net charge-offs were $3.5 million in the first quarter of 1992, down 25% from $4.7 million in the corresponding quarter last year. The improvement included a 46% increase in credit recoveries to $2.9 million, representing the success of on-going efforts to collect previously charged-off loans.

Nonperforming assets were $50.0 million at March 31, 1992 and represented .93% of assets compared to .95% a year ago. Nonperforming assets increased slightly from $49.0 million at March 31, 1991 and declined 7% from $54.0 million reported at December 31, 1991. The allowance for credit losses was $54.4 million at the end of the first quarter of 1992 and represented 1.58% of loans, up from 1.51% last year. The allowance for credit losses represented 136% of nonperforming loans at March 31, 1992 compared to 129% a year ago and 125% at December 31, 1991.

NONINTEREST INCOME AND EXPENSE

Noninterest income in the first quarter of 1992 totaled $19.5 million, an increase of 6% from $18.4 million recorded in the same period last year. Service charges on deposit accounts increased due to account growth, increased activity levels and restructured fees. Income related to real estate loan production and servicing also contributed to the improved performance. In the first quarter of 1991, a gain of $1.8 million was recorded in other income as the Corporation reacquired capital notes. Excluding this gain and securities gains, recurring noninterest income increased 13% in the first quarter of 1992 compared to the prior year's quarter.

Noninterest expense was $47.2 million in the first quarter of 1992, up 9% from the corresponding period a year ago. Salary expense increased due to new branches, the additional costs of staffing targeted growth areas, incentive pay and merit increases. Higher deposit insurance premiums assessed by the FDIC also contributed to the increase. Other operating expenses exceeded the prior year's quarter due to an increase in postal rates, amortization expense associated with purchased mortgage loan servicing and expenses related to the disposition of other real estate owned.

CAPITAL ADEQUACY

Shareholders' equity was $378.3 million at March 31, 1992, an 11% increase from $342.1 million at March 31, 1991. Average shareholders' equity represented 6.95% of average assets for the first quarter of 1992 compared to 6.78% in the same quarter last year. Capital adequacy levels established by the Federal Reserve Board for bank holding companies require minimum Tier 1 and total capital ratios of 4% and 8%, respectively, by December 31, 1992. The Corporation's Tier 1 and total capital ratios were 9.12% and 12.28%, respectively, at March 31, 1992. The Corporation's leverage ratio using Tier 1 capital and calculated according to Federal regulations was 6.81%. The tangible equity to assets ratio was 6.53% at March 31, 1992 compared to 6.07% a year ago.

In July 1991, the Corporation issued $50 million of 15-year, 7.75% convertible subordinated debentures to be used for general corporate purposes. The debentures qualify as Tier 2 capital and served to strengthen the Corporation's capital and liquidity positions.

OTHER EVENTS

On April 2, 1992, West One Bancorp entered into definitive agreements with Bank of America Oregon (Bank America), Security Pacific Bank Washington and Security Pacific Savings Bank (Security Pacific) to acquire 38 branches in Washington from Security Pacific and three branches in Oregon from Bank America. As a result, West One Bancorp will assume deposit liabilities of approximately $1.3 billion and loans of approximately $800 million from Security Pacific and deposit liabilities of approximately $54 million from Bank America. The acquisition is subject to regulatory approval.

On April 24, 1992, West One Bancorp entered into a definitive agreement with Yakima Valley Bank in Yakima, Washington to acquire all outstanding common stock of Yakima Valley Bank in exchange for shares of West One Barcorp common stock. The purchase price is $17.5 million plus the annualized undistributed 1992 net income of Yakima Valley Bank computed through the month-end preceding the actual closing date. The value of West One Bancorp's common stock will be determined based on average market price during a specified period preceding the acquisition date. The acquisition of this four-branch, $120 million asset bank is subject to approval by regulatory authorities and the shareholders of Yakima Valley Bank.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 2 - Agreement and plan of reorganization of Yakima Valley Bank - Page 10.

Exhibit 11 - Statement regarding computation of per share earnings - Page 55.

(b) Reports on Form 8-K - During the period for which this report is filed, the Company filed a Current Report on Form 8-K dated April 15, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed thereunto duly authorized.

WEST ONE BANCORP

Date: May 1, 1992

Jim A. Peterson
Jim A. Peterson
Vice President & Controller
(Principal Accounting Officer)

Scott M. Hayes
Scott M. Hayes
Executive Vice President and
Chief Financial Officer

EXHIBIT 2

AGREEMENT AND PLAN OF REORGANIZATION

Pursuant to Sections 30.04.550 through 30.104.575 of the Revised Code of Washington

THIS AGREEMENT AND PLAN OF REORGANIZATION made as of the [illegible] day of April, 1992, between WEST ONE BANCORP ("West One"), an Idaho corporation having its principal office in Boise, Idaho; WEST ONE BANCORP, WASHINGTON ("West One-Washington"), a corporation organized under the laws of the State of Washington; and YAKIMA VALLEY BANK (the "Bank"), a banking corporation organized under the laws of the State of Washington

WITNESSETH THAT:

WHEREAS, West One is a bank holding company which owns all of the issued and outstanding capital stock of West One-Washington, another bank holding company;

WHEREAS, West One and West One-Washington desire to affiliate with the Bank;

WHEREAS, the Board of Directors of the Bank has determined that it would be in the best interests of the Bank and its shareholders, its customers, and the area served by it to become affiliated with West One and West One-Washington;

WHEREAS, the respective Boards of Directors of the Bank, West One, and West One-Washington have agreed to the acquisition by West One-Washington of all of the issued and outstanding shares of the common stock of the Bank (the "Bank Common Stock") in exchange for shares of the common stock of West One (the "Share Exchange") pursuant to the provisions of sections 30.04.550 through 30.04.575 of the Revised Code of Washington, as amended; and

WHEREAS, the parties intend that the transactions contemplated by the Share Exchange qualify as a tax-free reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, in consideration of these premises and the mutual agreements hereinafter set forth, the parties agree as follows:

1. Reorganization.

1.1. Form of Reorganization.

(a) On thu date upon which the Share Exchange shall become effective, as determined in accordance with Section 2 of this Agreement (the "Effective Date"), West One-Washington shall, without any further action on its part or that of West One or on the part of the holders of Bank Common Stock, automatically and by operation of law acquire and become the owner for all purposes of all the then issued and outstanding shares of Bank Common Stock and shall be entitled to have issued to it by the Bank a certificate or certificates representing such shares. Thereafter, West One-Washington shall have full and exclusive power to vote such shares of Bank Common Stock, to receive dividends thereon, and to exercise all rights as an owner thereof.

(b) On the Effective Date, the holders of the then issued and outstanding shares of Bank Common Stock shall, without any further action on their part or on the part of West One-Washington or of West One, automatically and by operation of law cease to own such shares. Each holder of a stock certificate or certificates representing outstanding shares of Bank Common Stock immediately prior to the Effective Date, upon surrender of such certificate or certificates after the Effective Date, shall be entitled to receive in exchange therefor such consideration as is provided in Section 1.2 hereof, for his shares of Bank Common Stock outstanding on the Effective Date. All theretofore-unexercised options to purchase shares of Bank Common Stock shall be cancelled on and as of the Effective Date.

1.2. Consideration for Acquisition.

(a) Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth in this Subparagraph (a). Additional terms may be defined elsewhere herein.

(i) Average Closing Price. The average (rounded to the nearest penny) of each Daily Sales Price of West One Stock for the ten consecutive trading days ending on and including the twentieth trading day preceding the Effective Date. Notwithstanding the foregoing, the Average Closing Price shall be a number of dollars and cents not less than $35.00 nor more than $44.00. All prices per share under this Section 1.2(a)(i) shall be appropriately adjusted to account for stock dividends, split-ups, mergers, recapitalizations, combinations, conversions, exchanges of shares or the like.

(ii) Daily Sales Price. For any trading day, the mean (unrounded) of the closing bid and asked prices of West One

Stock in the over-the-counter market as such prices are reported by the automated quotation system of the National Association of Securities Dealers, Inc., or in the absence thereof by such other source upon which West One and the Bank shall mutually agree.

(iii) Dissenting Shares. The shares of Bank Common Stock held by those shareholders of the Bank who have timely and properly exercised their dissenters' rights in accordance with all applicable laws (the "Appraisal Laws").

(iv) Effective Purchase Price. The sum of (a) Seventeen Million Five Hundred Thousand Dollars and No Cents ($17,500,000.00) and (b) the Net Incremental Earnings, it being understood that in the event that the Net Incremental Earnings should be a negative number, the effect of adding such a negative number will be to reduce the Effective Purchase Price.

(v) Net Incremental Earnings. The net undistributed income of the Bank between January 1, 1992 and the last day of the calendar month preceding the Effective Date, annualized by dividing the foregoing amount by the number of months elapsed in 1992 and multiplying by twelve, less any undistributed income derived from activities or transactions which are not normal and recurring banking operations (such as, without limitation, the sale of securities or loans, of capital assets, or of lines of business) it being understood that all fees and costs incurred by the Bank attributable to the transaction subject to this Agreement, including legal fees, advisory fees, and printing costs, will be excluded from the calculation. All of the determinations to be made pursuant to this subparagraph (iv) shall be in accord with generally accepted accounting principles.

(vi) West One Stock. The common stock of West One, par value $1.00 per share.

(b) Form of Consideration. Subject to the terms, conditions and limitations set forth herein, upon surrender of his certificate or certificates in accordance with Section 1.1 hereof, each holder of shares of Bank Common Stock shall be entitled to receive, in exchange for each share of Bank Common Stock held of record by such stockholder as of the Effective Date, that number of shares of West One Stock calculated by dividing the Effective Purchase Price by the Average Closing Price, and by further dividing the number so reached by the number of shares of Bank Common Stock that shall be issued and outstanding at the Effective Date.

1.3. No Fractional Shares. West One will not issue fractional shares of West One Stock. In lieu of fractional shares of West One Stock, if any, each shareholder of the Bank who is entitled to a fractional share of West One Stock shall receive an amount of cash equal to the product of such fraction times the Average Closing Price. Such fractional share interest shall not include the right to vote or to receive dividends or any interest thereon.

1.4. Dissenting Shares. Notwithstanding anything to the contrary herein, each Dissenting Share whose holder, as of the Effective Date of the Share Exchange, has not effectively withdrawn or lost his dissenters' rights under the Appraisal Laws, shall not be converted into or represent a right to receive West One Stock, but the holder thereof shall be entitled only to such rights as are granted by the Appraisal Laws. Each holder of Dissenting Shares who becomes entitled to payment for his Bank Common Stock pursuant to the provisions of the Appraisal Laws shall receive payment therefor from the Bank (but only after the amount thereof shall have been agreed upon or finally determined pursuant to such provisions).

1.5. Dividends; Interest. No shareholder of the Bank will be entitled to receive dividends on his West One Stock until he exchanges his certificates representing Bank Common Stock for West One Stock. Any dividends declared on West One Stock (which stock is to be delivered pursuant to this Agreement) to holders of record on or after the Effective Date shall be paid to the Exchange Agent (as designated in Section 1.6 of this Agreement) and, upon receipt of the certificates representing shares of Bank Common Stock, the Exchange Agent shall forward to the former shareholders of the Bank entitled to receive West One Stock pursuant to the Share Exchange (i) certificates representing their shares of West One Stock, (ii) dividends declared thereon subsequent to the Effective Date (without interest) and (iii) the cash value of any fractional shares determined in accordance with Section 1.3 hereof.

1.6. Designation of Exchange Agent. The Bank, West One-Washington, and West One hereby designate West One Bank, Idaho, National Association ("West One-Idaho") as Exchange Agent to effect the exchange contemplated hereby in accordance with an exchange agency agreement ("Exchange Agency Agreement") substantially in the form of Exhibit I attached hereto. West One or West One-Washington will, after the Effective Date, issue and deliver to West One-Idaho the share certificates representing shares of West One Stock and the cash in lieu of fractional shares to be paid to holders of Bank Common Stock in accordance with this Agreement.

1.7. Notice of Exchange. West One-Idaho shall mail to each holder of one or more certificates formerly representing Bank Common Stock, except to such holders as shall have waived the notice required by this Section 1.7, a notice specifying the Effective Date and notifying such holder to surrender his certificate or certificates to West One-Idaho for exchange. Such notice shall be mailed to holders by regular mail at their addresses on the records of the Bank.

2. Effective Date.

The Effective Date shall be the date which is the latest of:

2.1. Shareholder Approval. The date following the day upon which the shareholders of the Bank approve, ratify, and confirm the transactions contemplated by this Agreement; or

2.2. Board of Governors Approval. Thirty (30) days following the date of the order of the Board of Governors of the Federal Reserve System or of its delegate, the Federal Reserve Bank of San Francisco (the "Board of Governors") authorizing consummation of the transactions contemplated by this Agreement; or

2.3. Washington Approval. The date upon which the Supervisor of Banking of the State of Washington (the "Supervisor") issues a certificate of reorganization to the Bank, approving the Share Exchange; or

2.4 Other Regulatory Approvals. The date upon which any other material order, approval or consent of a federal or state regulator of financial institutions or financial institution holding companies authorizing consummation of the transactions contemplated by this Agreement is obtained or any waiting period mandated by such order, approval or consent has run; or

2.5. Expiration of Stays. Ten (10) days after any stay of the approvals of either the Supervisor or the Board of Governors of the transactions contemplated by this Agreement or any injunction against closing of said transactions is lifted, discharged, or dismissed; or

2.6. Mutual Agreement. Such other date as shall be mutually agreed to by West One and the Bank.

3. Conditions Precedent to Performance of Obligations of the Parties.

The obligations of the parties hereto to consummate the Share Exchange shall be subject to the conditions that on or before the Effective Date:

3.1. Shareholder Approval. This Agreement and the reorganization contemplated hereby shall have been duly and validly approved, ratified, and confirmed at a meeting of shareholders duly and properly called for such purpose, by the holders of not less than two-thirds of the outstanding shares of Bank Common Stock, in accordance with the applicable laws of the State of Washington.

3.2. Regulatory Approvals. Orders, consents, and approvals, in form and substance reasonably satisfactory to all the parties hereto, shall have been entered by the requisite governmental authorities, granting the authority necessary for consummation of the transactions contemplated by this Agreement, pursuant to the provisions of applicable law; and all other requirements prescribed by law or by the rules and regulations of any other regulatory authority having jurisdiction over such transactions shall have been satisfied.

3.3. Absence of Litigation. No action, suit, or proceeding shall have been instituted or shall have been threatened before any court or other governmental body or by any public authority to restrain, enjoin, or prohibit the Share Exchange contemplated by this Agreement, or which might restrict the operation of the business of the Bank or the exercise of any rights with respect thereto or to subject any of the parties hereto or any of their directors or officers to any liability, fine, forfeiture, or penalty on the ground that the transactions contemplated hereby, the parties hereto, or their directors or officers have breached or will breach any applicable law or regulation or have otherwise acted improperly in connection with the transactions contemplated hereby (it being understood that customary requirements of the Board of Governors for the orderly divestiture of nonconforming investments or activities pursuant to the Bank Holding Company Act of 1956, as amended (the "BHC Act"), are not deemed to constitute a liability, fine, forfeiture, or penalty under this Section 3.3), and with respect to which the parties hereto have been advised by counsel that, in the opinion of such counsel, such action, suit, or proceeding raises substantial questions of law or fact which could reasonably be decided adversely to any party hereto or its directors or officers.

3.4. Accounting Treatment. It shall have been determined to the satisfaction of West One that the reorganization contemplated by this Agreement will be treated for accounting purposes as a "pooling of interests" in accordance with APB Opinion No. 16, and West One shall have received a letter to the above effect from Coopers & Lybrand, certified public accountants.

3.5. Registration Statement.

(a) Effectiveness. The registration statement to be filed by West One with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 (the "Securities Act") in connection with the registration of the shares of West One Stock to be used as consideration in connection with the Share Exchange (the "Registration Statement") shall have become effective under that Act, and West One shall have received all required state securities laws or "blue sky" permits and other required authorizations or confirmations of the availability of exemptions from registration requirements necessary to issue West One Stock in the Share Exchange.

(b) Absence of Stop-Order. Neither the Registration Statement nor any such required permit, authorization or confirmation shall be subject to a stop-order or threatened stop-order by the SEC or any state securities authority.

3.6. Federal Income Taxation.

(a) It shall have been determined to the reasonable satisfaction of West One and the Bank, which determination shall be evidenced by a written certification or opinion to be delivered by each of the parties hereto no later than ten days following the date of the order of the Board of Governors authorizing consummation of the transactions contemplated by this Agreement, and which determination shall be based upon application of existing law, that the reorganization contemplated by this Agreement shall qualify as a tax-free reorganization under the Code, and the regulations and rulings promulgated thereunder. Each party agrees to make such determination in good faith.

(b) In the event that either West One or the Bank fails to make a favorable determination with respect to the tax-free nature of the reorganization contemplated by this Agreement as provided in paragraph (a) of this Section 3.6 within the time period provided therefor, then that party, no later than ten days following the date of the order of the Board of Governors authorizing consummation of the transactions contemplated by this Agreement, shall provide the other party with a written statement describing in detail the reason or reasons why it has been unable to make a favorable determination, and each of the other parties shall be afforded five days during which it may take such steps as it may deem neccssary to cause the reorganization contemplated by this Agreement to qualify as a tax-free reorganization under the Code, at the conclusion of which period the party who failed to make the favorable determination described in paragraph (a) of this Section 3.6 shall evidence its conclusion on the effectiveness of the steps taken upon the tax-free nature of the reorganization by a written certification or a written statement to be delivered immediately to each of the other parties hereto. Such certification or statement shall be rendered based upon a determination made in good faith.

4. Conditions Precedent to Performance of the Obligations of West One.

The obligations of West One hereunder are subject to the satisfaction, on or prior to the Effective Date, of all the following conditions, compliance with which or the occurrence of which may be waived in whole or in part by West One in writing:

4.1. Approval by the Bank. The directors and shareholders of the Bank (the latter group acting pursuant to a proxy statement in form and substance satisfactory to West One and its counsel) shall have authorized and approved the Share Exchange, and dissenters' rights of appraisal under the Appraisal Laws shall have been effectively preserved as of the Effective Date by owners of not more than eight percent (8%) of the outstanding shares of Bank Common Stock.

4.2. Representations and Warranties; Performance of Obligations.

(a) All representations and warranties of the Bank contained in this Agreement shall be true and correct as of the Effective Date with the same effect as if such representations and warranties had been made or given at and as of such date, and all covenants and conditions to be performed or met by the Bank prior to the Effective Date shall have been so performed or met. On the Effective Date, the President and the chief financial officer of the Bank shall deliver to West One a certificate to that effect.

(b) The Bank shall have performed and complied with all its obligations hereunder which are to be complied with or performed on or before the Effective Date.

4.3. Opinion of Bank Counsel. West One shall have received a favorable opinion from Messrs. Perkins Coie, dated the Effective Date, substantially in form and substance as that set forth as Exhibit II attached hereto.

4.4. Opinion of Bank Litigation Counsel. West One shall have received a favorable opinion from Messrs. Meyer, Fluegge and Tenney, P.S., dated the Effective Date, in form and substance satisfactory to its counsel, to the extent that the litigation set forth in Schedule A hereto, and that to which the Bank shall have become party subsequent to the date hereof and prior to the Effective Date, would not have, in the aggregate, a material adverse effect on the financial condition or results of operations of the Bank.

4.5. Delivery of Branch Authorizations. The Bank shall have delivered to West One originals or certified copies of all of its regulatory authorizations entitling the Bank to operate each of its branch offices as branch offices of the Bank, together with a certification by its President and its Chief Executive Officer dated the Effective Date, certifying that such branch certificates have not been revoked or threatened to be revoked and that such certificates are in full force and effect.

4.6. No Adverse Developments. During the period from December 31, 1991 to the Effective Date, there shall not have been any material adverse change in the financial position or results of operations of the Bank nor shall the Bank have sustained any material loss or damage to its properties, whether or not insured, which materially affects its ability to conduct its business; none of the events described in clauses (a) through (e) of Section 6.16 of this Agreement shall have occurred, and each of the practices and conditions described in clauses (w) through (z) of that section shall have been maintained; and West One shall have received a certificate dated the Effective Date signed by the President and the Chief Executive Officer of the Bank to the foregoing effect and to the further effect that except for those liabilities listed on Schedule A relating to liabilities under Section 6.15 hereof, any liabilities of the Bank at the Effective Date which were not reflected on the balance sheet of the Bank as of December 31, 1991 are only liabilities incurred in the ordinary course of business subsequent to the date of said balance sheet. The delivery of such officers' certificate shall in no way diminish the warranties and representations of the Bank made in this Agreement.

4.7. Absence of Misstatements and Omissions. West One shall not have discovered any material error, misstatement, or omission in any of the representations or warranties of the Bank or any material failure to perform or satisfy any covenants of the Bank contained herein.

4.8. Consolidated Net Worth. On and as of the Effective Date, the consolidated net worth of the Bank as determined in accordance with generally accepted accounting principles shall not be less than the sum of (a) the aggregate contributions to capital caused by the payments accompanying the exercise of any stock options on or after December 31, 1991, and (b) Ten Million Three Hundred Thousand Dollars and No Cents ($10,300,000.00), as measured following the establishment of appropriate reserves to account for the fairly estimated payment to be made with respect to Dissenting Shares as referred to in Section 1.4.

4.9. Loan Quality. On and as of the Effective Date:

(a) The aggregate book value of loans on the consolidated financial statements of the Bank which are subject to adverse classification under regulatory policies promulgated by the Federal

Financial Institutions Examination Council or its member agencies shall not exceed Four Million Dollars ($4,000,000.00).

(b) The aggregate book value of loans on the consolidated financial statements of the Bank which are subject to being listed as "doubtful" or "loss" under regulatory policies promulgated by the Federal Financial Institutions Examination Council or its member agencies shall not exceed One Million Dollars ($1,000,000.00).

(c) The aggregate book value of loans on the consolidated financial statements of the Bank which are nonperforming loans shall not exceed One Million Dollars ($1,000,000.00). For purposes of this subparagraph (c), "nonperforming loans" shall mean loans which have been placed on nonaccrual status (or which, under accepted standards of prudent banking, should have been placed on nonaccrual status), plus loans that have been restructured and whose terms have been compromised because of a deterioration in the financial position of the borrower.

4.10. Adverse Legislation. No legislation shall have been enacted and no regulation shall have been adopted that has rendered or will render consummation of any of the material transactions contemplated by this Agreement impossible, or that would materially and adversely affect the economic assumptions of the material transactions contemplated hereby or the business, operations, financial condition, properties or assets of the combined enterprise of West One and the Bank or otherwise materially impair the value of the Bank to West One.

5. Conditions Precedent to Performance of Obligations of the Bank.

The obligations of the Bank hereunder are subject to the satisfaction, on or prior to the Effective Date, of all the following conditions, compliance with which or the occurrence of which may be waived in whole or in part by the Bank in writing:

5.1. Representations and Warranties; Performance of Obligations.

(a) The representations and warranties of West One contained in this Agreement shall be true and correct as of the Effective Date with the same effect as if such representations and warranties had been made or given at and as of the Effective Date, and all covenants and conditions to be performed or met by West One prior to the Effective Date shall have been so performed or met. On the Effective Date, either the Chairman of the Board or the President of West One shall deliver to the Bank a certificate to that effect; and

(b) West One shall have performed and complied with all its obligations hereunder which are to be complied with or performed on or before the Effective Date;

5.2. Opinion of West One Counsel. The Bank shall have received a favorable opinion of Messrs. Metzger, Gordon, Scully & Mortimer, dated the Effective Date, substantially in form and substance as that set forth as Exhibit III attached hereto.

6. Representations and Warranties of the Bank.

Except as disclosed in Schedule A which is to be delivered by the Bank to West One not later than ten (10) business days after the date of execution of this Agreement, if at all, and which only if delivered within such period shall thereupon be deemed to have been made and to be a part hereof, the Bank represents and warrants to West One as follows:

6.1. Organization, Powers, and Qualifications. The Bank is a banking corporation which is duly organized, validly existing, and in good standing under the laws of the State of Washington and has all requisite corporate power and authority to own and operate its properties and assets, to lease properties used in its business, and to carry on its business as now conducted. The Bank owns or possesses in the operation of its business all franchises, licenses, permits, branch certificates, consents, approvals, waivers, and other authorizations, governmental or otherwise, which are necessary for it to conduct its business as now conducted, except for those where the failure of such ownership or possession would not adversely affect the operation and properties of the Bank in any material respect. The Bank is duly qualified and licensed to do business and is in good standing in every jurisdiction in which such qualification or license is required or with respect to which the failure to be so qualified or licensed could result in material liability or adversely affect the operation and properties of the Bank in any material respect.

6.2. Execution and Performance of Agreement. The Bank has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective terms.

6.3. Absence of Violations.

(a) The Bank is not in violation of its respective charter documents or bylaws, or of any applicable federal, state, or local law or ordinance or any order, rule, or regulation of any federal, state, local, or other governmental agency or body (including, without limitation, all banking, securities, municipal securities, safety, health, environmental, zoning, antidiscrimination, antitrust, and wage and hour laws, ordinances, orders, rules, and regulations), in any material respect, or in default with respect to any order, writ, injunction, or decree of any court, or in default under any order, license, regulation, or demand of any governmental agency, any of which violations or defaults might have a materially adverse effect on the business, properties, liabilities, financial position, results of operations, or prospects of the Bank; and the Bank has not received any claim or notice of violation with respect thereto.

(b) Neither the Bank nor any member of its management is a party to any assistance agreement, supervisory agreement, memorandum of understanding, consent order, cease and desist order or condition of any regulatory order or decree with or by the Federal Deposit Insurance Corporation ("FDIC"), the SEC, any banking or securities authority of the State of Washington, or any other regulatory agency that relates to the conduct of the business of the Bank or the assets of any of them. No such agreement, memorandum, order, condition, or decree is pending or threatened.

(c) Without limitation upon any of the foregoing, the Bank is in compliance with the Bank Secrecy Act (31 U.S.C. sec. 5301), the Truth-in-Lending Act (15 U.S.C. sec. 1601 et seq.), and the Expedited Funds Availability Act (12 U.S.C. sec. 4001 et seq.) and regulations adopted under each of them, with such minor exceptions as do not warrant enforcement or corrective action by the United States or any agency thereof. The Bank has adopted policies and procedures which are reasonably adequate to assure compliance with each of the aforesaid Acts.

6.4. Compliance with Agreements. The Bank is not in violation of any material term of any material security agreement, mortgage, indenture, or any other contract, agreement, instrument, lease, or certificate.

6.5. Binding Obligations; Due Authorization. Subject to the approval of the shareholders of the Bank, this Agreement constitutes valid, legal, and binding obligations of the Bank, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar law, or by general principles of equity. The execution, delivery, and performance of this Agreement and the transactions contemplated thereby have been duly and validly authorized by the board of directors of the Bank. Subject to approval by the shareholders of the Bank of this Agreement, no other corporate proceedings on the part of the Bank are necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby.

6.6. Absence of Default. None of the execution or the delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will conflict with, or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under the organizational documents or bylaws of the Bank. None of such execution, consummation, or fulfillment will (a) conflict with, or result in a material breach of the terms, conditions, or provisions of, or constitute a material violation, conflict, or default under, or give rise to any right of termination, cancellation, or acceleration with respect to, or result in the creation of any lien, charge, or encumbrance upon, any property or assets of the Bank pursuant to any material agreement or instrument under which the Bank is obligated or by which any of its properties or assets may be bound, including without limitation any material lease, contract, mortgage, promissory note, deed of trust, loan, credit arrangement or other commitment or arrangement of the Bank in respect of which it is an obligor, or (b) violate any law, statute, rule, or regulation of any government or agency to which the Bank is subject and which is material to its operations, or any judgment, order, writ, injunction, decree, or ruling applicable to the Bank or any of its properties or assets. None of the execution or delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will require any authorization, consent, approval, or exemption by any person which has not been obtained, or any notice or filing which has not been given or done, other than approval of the transactions contemplated by this Agreement by the Board of Governors and the Supervisor.

6.7. Corporate Structure. No corporation or other entity is registered or is required to be registered as a bank holding company under the BHC Act by virtue of its control over the Bank or over any company that directly or indirectly has control over the Bank.

6.8. Subsidiaries.

(a) The Bank has no subsidiaries and since its incorporation has not had any subsidiaries, does not directly or indirectly own, control, or hold with the power to vote, and since its incorporation has not directly or indirectly owned, controlled, or held with the power to vote, any shares of the capital stock of any company (except shares held by the Bank for the account of others in a fiduciary or custodial capacity in the ordinary course of its business).

(b) The Bank does not have a direct or indirect equity or ownership interest which represents 5 percent or more of the aggregate equity or ownership interest of any entity (including, without limitation, corporations, partnerships, and joint ventures).

6.9. Capital Structure. The authorized capital stock of the Bank consists of 172,197.32 shares of Common Stock, $20.00 par value ("Bank Common Stock"), of which, as of the date of this Agreement, 166,401.55 shares have been duly issued and are validly outstanding, fully paid, and nonassessable and are held by approximately 305 shareholders of record. These are the only voting securities of the Bank authorized, issued, or outstanding as of such date; and except for options to purchase 4,939.899 shares of Common Stock, which options will be exercised on or before the Effective Date or if not exercised will lapse, no subscriptions, warrants, options, rights, convertible securities, or similar arrangements or commitments in respect of securities of the Bank are authorized, issued, or outstanding which would enable the holder thereof to purchase or otherwise acquire shares of any class of capital stock of the Bank. At all times from the date of this Agreement until the Effective Date, the sum of the shares of Bank Common Stock issued and outstanding and the options to purchase shares of Bank Common Stock are and will be equal to 171,341.449, and no other voting securities or subscriptions, warrants, options, rights, convertible securities, or similar arrangements or commitments in respect of securities of the Bank will be issued or outstanding. The Bank is not a party to, and is not obligated by, any commitment, plan, or arrangement to issue or to sell any shares of capital stock or any other equity interest in the Bank. None of the shares of Bank Common Stock has been issued in violation of the preemptive rights of any shareholder. None of the Bank Common Stock is subject to any restrictions upon the transfer thereof under the terms of the corporate charter or bylaws of the Bank. As of the date hereof, to the best of the knowledge of the Bank, and except for this Agreement and Plan of Reorganization, there are no shareholder agreements, or other agreements, understandings, or commitments relating to the right of any holder or beneficial owner of more than 1 percent of the issued and outstanding shares of Bank Common Stock to vote or to dispose of his or its shares of Bank Common Stock.

6.10. Articles of Incorporation, Bylaws, and Minute Books. The copies of the articles of incorporation and all amendments thereto and of the bylaws, as amended, of the Bank will be made available to West One no later than two business days after the date hereof and, when so made available, will be true, correct, and complete copies thereof. The minute books of the Bank which have been made or will, no later than two business days after the date hereof, be made available to West One for its continuing inspection until the Effective Date contain accurate minutes of all meetings and accurate consents in lieu of meetings of the board of directors (and any committee thereof) and of the shareholders of the Bank since its inception. These minute books accurately reflect all transactions referred to in such minutes and consents in lieu of meetings and disclose all material corporate actions of the shareholders and boards of directors of the Bank and all committees thereof. Except as reflected in such minute books, there are no minutes of meetings or consents in lieu of meetings of the board of directors (or any committee thereof) or of shareholders of the Bank.

6.11. Books and Records. The books and records of the Bank fairly reflect the transactions to which it is a party or by which its properties are subject or bound. Such books and records have been properly kept and maintained and are in compliance in all material respects with all applicable legal and accounting requirements. The Bank follows generally accepted accounting principles applied on a consistent basis in the preparation and maintenance of its and their books of account and financial statements, including but not limited to the application of the accrual method of accounting for interest income on loans, leases, discounts, and investments, interest expense on deposits and all other liabilities, and all other items of income and expense. The Bank has made all accruals in amounts which accurately report income and expense in the proper periods in accordance with generally accepted accounting principles. The Bank has filed all material reports and returns required by any law or regulation to be filed by it.

6.12. Regulatory Approvals and Filings, Contracts, Commitments, etc. The Bank has made or will, no later than two business days after the date hereof, make available to West One or grant to West One continuing access until the Effective Date to originals or copies of the following documents relating to the Bank:

(a) All regulatory approvals received since January 1, 1987, of the Bank relating to all bank and nonbank acquisitions or the establishment of de novo operations;

(b) All employment contracts, election contracts, retention contracts, deferred compensation, non-competition, bonus, stock option, profit-sharing, pension, retirement, consultation after retirement, incentive, insurance arrangements or plans (including medical, disability, group life or other insurance plans), and any other remuneration or fringe benefit arrangements applicable to employees, officers, or directors of the Bank, accompanied by any agreements, including trust agreements, embodying such contracts, plans, or arrangements, and all employee manuals and memoranda relating to employment and benefit policies and practices of any nature whatsoever (whether or not distributed to employees or any of them), and any actuarial reports and audits relating to such plans;

(c) All material contracts, agreements, leases, mortgages, and commitments, except those entered into in the ordinary course of business, to which the Bank is a party or may be bound; or, if any of the same be oral, true, accurate, and complete written summaries of all such oral contracts, agreements, leases, mortgages, and commitments;

(d) All material contracts, agreements, leases, mortgages, and commitments, whether or not entered into in the ordinary course of business, to which the Bank is a party or may be bound and which require the consent or approval of third parties to the execution and delivery of this Agreement or to the consummation or performance of any of the transactions contemplated thereby, or, if any of the same be oral, true, accurate, and complete written summaries of all such oral contracts, agreements, leases, mortgages, and commitments;

(e) All deeds, leases, contracts, agreements, mortgages, and commitments, whether or not entered into in the ordinary course of business, to which the Bank is a party or may be bound and which relate to land, buildings, fixtures, or other real property upon or within which the Bank operates its businesses or is authorized to operate its businesses, or with respect to which the Bank has any application pending for authorization to operate its businesses;

(f) Any pending application, including any documents or materials related thereto, which has been filed by the Bank with any federal or state regulatory agency with respect to the establishment of a new office or the acquisition or establishment of any additional banking or nonbanking subsidiary; and

(g) All federal and state tax returns filed by the Bank for the years 1983 through 1991, a copy of the most recent audit examination of the Bank by the Internal Revenue Service ("IRS"), if any, a copy of the most recent state revenue agency examination, if any, of the Bank, and all tax rulings with respect to the Bank received from the IRS since January 1, 1983.

6.13. Financial Statements. The Bank has furnished or will, no later than two business days after the date hereof, furnish to West One its consolidated statement of condition as of each of December 31, 1987, December 31, 1988, December 31, 1989, December 31, 1990, and December 31, 1991, and its related consolidated statement of income, consolidated statement of changes in financial position, and consolidated statement of changes in stockholders' equity for each of the periods then ended, and the notes thereto (collectively, the "Bank Financial Statements"). All of the Bank Financial Statements, including the related notes, (a) were prepared in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved, and (b) are in accordance with the books and records of the Bank which have been maintained in accordance with generally accepted accounting principles or the requirements of financial institution regulatory authorities, as the case may be, and (c) fairly reflect the consolidated financial position of the Bank as of such dates, and the consolidated results of operations of the Bank for the periods ended on such dates, and do not fail to disclose any material extraordinary or out-of-period items, and (d) reflect, in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved, adequate provision for, or reserves against, the possible loan losses of the Bank as of such dates.

6.14. Call Reports.

(a) The Bank has furnished or will, no later than two business days after the date hereof, furnish to West One its Consolidated Reports of Condition and Consolidated Reports of Income for the calendar quarters dated March 31, 1989 and thereafter. All of such Consolidated Reports of Condition and Consolidated Reports of Income, including the related schedules and memorandum items, were prepared in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved.

(b) No adjustments are required to be made to the equity capital account of the Bank as reported on any of the Consolidated Reports of Condition referred to in subsection 6.14(a) hereof, in any amount whether material or otherwise, in order to conform such equity capital account to equity capital as would be determined in accordance with generally accepted accounting principles.

6.15. Absence of Undisclosed Liabilities. At December 31, 1991 the Bank had no obligation or liability of any nature (whether absolute, accrued, contingent, or otherwise, and whether due or to become due) which was material, or that when combined with all similar obligations or liabilities would have been material, to the Bank, (a) except as disclosed in the Bank Financial Statements and (b) except for unfunded loan commitments made by the Bank in the ordinary course of its business consistent with past practice; nor does there exist a set of circumstances resulting from transactions effected or events occurring on or prior to December 31, 1991 or from any action omitted to be taken during such period that could reasonably be expected to result in any such material obligation or liability, except as disclosed or provided for in the Bank Financial Statements. The amounts set up as current liabilities for taxes in the Bank Financial Statements are sufficient for the payment of all taxes (including, without limitation, federal, state, local, and foreign excise, franchise, property, payroll, income, capital stock, and sales and use taxes) accrued in accordance with generally accepted accounting principles and unpaid at December 31, 1991. Since December 31, 1991, the Bank has not incurred or paid any obligation or liability that would be material (on a consolidated basis) to the Bank, except for obligations incurred or paid in connection with transactions by it in the ordinary course of its business consistent with past practices and except as expressly contemplated herein.

6.16. Absence of Certain Developments. Since December 31, 1991, there has been (a) no material adverse change in the condition, financial or otherwise, assets, properties, liabilities, or businesses of the Bank; (b) no declaration, setting aside, or payment of (i) any regular dividend other than customary cash dividends described in section 7.4(a) of this Agreement or (ii) any special dividend or other distribution with respect to any class of capital stock of the Bank; (c) no repurchase by the Bank of any of its capital stock; (d) no material loss, destruction, or damage to any material property of the Bank, which loss, destruction, or damage is not covered by insurance; and (e) no material acquisition or disposition of any asset, nor any material contract outside the ordinary course of business entered into by the Bank nor any substantial amendment or termination of any material contract outside the ordinary course of business to which the Bank is a party, nor any other transaction by the Bank involving an amount in excess of $50,000 other than for fair value in the ordinary course of its business. Since December 31, 1991, (w) the Bank has conducted its business only in the ordinary course of such business and consistent with past practice; (x) the Bank, on a consolidated basis, has maintained the ratio of its loans to its deposits at approximately the same level as existed at December 31, 1991; (y) the Bank, on a consolidated basis, has administered its investment portfolio pursuant to essentially the same policies and procedures as existed during 1990 and 1991; and (z) the Bank, on a consolidated basis, has not taken any action to reduce the percentage which the aggregate investment portfolio of the Bank bears to the total assets of the Bank or to lengthen the average maturity of the investment portfolio, or of any significant category thereof, to any material extent.

6.17. Reserve for Possible Credit Losses. The bank's consolidated reserve for possible credit losses as of December 31, 1991 was adequate to absorb reasonably anticipated losses in the loan and lease portfolios of the Bank, in view of the size and character of such portfolios, current economic conditions, and other pertinent factors; and no facts have subsequently come to the attention of management of the Bank which would cause it to restate in any material way the level of such reserve for possible credit losses.

6.18. Tax Matters.

(a) All federal, state, local, and foreign tax returns and reports (including, without limitation, all income tax, unemployment compensation, social security, payroll, sales and use, excise, privilege, property, ad valorem, franchise, license, school, and any other tax under laws of the United States or any state or municipal or political subdivision thereof) required to be filed by or on behalf of the Bank have been timely filed with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed, or requests for extensions have been timely filed, granted, and have not expired for periods ending or or before December 31, 1991, and all returns filed are complete and accurate to the best information and belief of the management of the Bank and properly reflect the taxes of the Bank for the periods covered thereby. All taxes shown on filed returns have been paid. As of the date hereof, there is no audit examination, deficiency, or refund litigation or tax claim or any notice of assessment or proposed assessment by the IRS or any other taxing authority, or any other matter in controversy with respect to any taxes that might result in a determination adverse to the Bank, except as reserved against in the Bank Financial Statements. All federal, state, and local taxes, assessments, interest, additions, deficiencies, fees, penalties, and other governmental charges or impositions due with respect to completed and settled examinations or concluded litigation have been properly accrued or paid.

(b) The Bank has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect.

(c) To the extent any federal, state, local, or foreign taxes are due from the Bank for the period or periods beginning January 1, 1992 or thereafter through and including the Effective Date, adequate provision on an estimated basis has been or will be made for the payment of such taxes by establishment of appropriate tax liability accounts on the last monthly financial statements of the Bank prepared before the Effective Date.

(d) Deferred taxes of the Bank have been provided for in accordance with generally accepted accounting principles.

(e) The Bank's deduction for bad debts taken and the reserve for loan losses for federal income tax purposes at December 31, 1991, were not greater than the maximum amount permitted under the provisions of Section 585 of the Code.

(f) Other than liens arising under the laws of the State of Washington with respect to taxes assessed and not yet due and payable, there are no tax liens on any of the properties or assets of the Bank.

(g) The taxable year end of the Bank for federal income tax purposes is, and since the inception of the Bank has continuously been, December 31.

6.19. Consolidated Net Worth. The consolidated net worth of the Bank on the date first above written, as determined in accordance with generally accepted accounting principles, is not less than Ten Million Three Hundred Thousand Dollars and No Cents ($10,300,000.00).

6.20. Bank Examinations. To the extent consistent with law, the Bank has heretofore disclosed or will, no later than two business days after the date hereof, disclose to West One relevant information contained in the most recent Report of Examination issued by the FDIC and the most recent Report of Examination issued by the Supervisor. Such information so disclosed consists or will consist of all material information with respect to the financial condition of the Bank included in such reports, and does not omit or will not omit any information necessary to make the information disclosed not misleading.

6.21. Reports. Since January 1, 1989, the Bank has effected all registrations and filed all reports and statements, together with any amendments required to be made with respect thereto, which the Bank was required to effect or file with (a) the FDIC, (b) the Supervisor, (c) the Board of Governors, (d) the United States Department of the Treasury, and (e) any other governmental or regulatory authority or agency having jurisdiction over the operations of the Bank. Each of such registrations, reports, and documents, including the financial statements, exhibits, and schedules thereto, does not contain any statement which, at the time and in the light of the circumstances under which it was made, is false or misleading with respect to any material fact or which omits to state any material fact necessary in order to make the statements contained therein not false or misleading.

6.22. FIRA Compliance and Other Transactions with Affiliates. None of the officers, directors, or beneficial holders of 5 percent or more of the common stock of the Bank, and no person "controlled" (as that term is defined in the Financial Institutions Regulatory and Interest Rate Control Act of 1978) by the Bank, has any ongoing material transaction with the Bank on the date of this Agreement. None of such officers, directors, holders, or other persons has any ownership interest in any business, corporate or otherwise, which is a party to, or in any property which is the subject of, business arrangements or relationships of any kind with the Bank not in the ordinary course of business. Any other extensions of credit by the Bank to such officers, directors, and other persons have heretofore been disclosed in writing by the Bank to West One.

6.23. Period of Operation. The Bank has conducted business for a continuous period of not less than three years prior to the date hereof.

6.24. Legal Proceedings. Except as disclosed in the Bank Financial Statements, there is no claim, action, suit, arbitration, investigation, or other proceeding pending before any court, governmental agency, authority or commission, arbitrator, or "impartial mediator" (of which the Bank has been served with process or otherwise been given notice) or, to the knowledge of the Bank, threatened or contemplated against or affecting it or its property, assets, interests, or rights, or any basis therefor of which notice has been given, which, if adversely determined, would have a material adverse effect (financial or otherwise) on the business, operating results, or financial condition of the Bank or which otherwise could prevent, hinder, or delay consummation of the transactions contemplated by this Agreement.

6.25. Absence of Governmental Proceedings. The Bank is not a party defendant or respondent to any pending legal, equitable, or other proceeding commenced by any governmental agency and, to the best of its knowledge, no such proceeding is threatened.

6.26. Federal Deposit Insurance. The deposits held by the Bank are insured within statutory limits by the Bank Insurance Fund of the FDIC pursuant to the provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. sec. 1811 et seq.), and the Bank has paid all assessments and filed all related reports and statements required under the Federal Deposit Insurance Act. None of the deposits of the Bank are insured by the Savings Association Insurance Fund of the FDIC.

6.27. Other Insurance. The Bank carries insurance with reputable insurers, including blanket bond coverage, in such amounts as are reasonable to cover such risks as are customary in relation to the character and location of its properties and the nature of its businesses. All such policies of insurance are in full force and effect, and no notice of cancellation has been received. All premiums to date have been paid in full. The Bank is not in default with respect to any such policy which is material to the Bank.

6.28. Labor Matters. The Bank is not a party to or bound by any collective bargaining contracts with respect to any employees of the Bank. Since January 1, 1983, there has not been, nor to the knowledge of the Bank was there or is there threatened, any strike, slowdown, picketing, or work stoppage by any union or other group of employees against the Bank or any of its premises, or any other labor trouble or other occurrence, event, or condition of a similar character. As of the date hereof, the Bank is not aware of any attempts to organize a collective bargaining unit to represent any of its employee groups.

6.29. Employee Benefit Plans.

(a) The Bank has previously made available or will, no later than two business days after the date hereof, make available to West One for its continuing review until the Effective Date true, complete, and accurate copies of all pension, retirement, stock purchase, stock bonus, stock ownership, stock option, performance share, stock appreciation right, phantom stock, savings, or profit-sharing plans, any employment, deferred compensation, consultant, bonus, or collective bargaining agreement, or group insurance contract or any other incentive, welfare, life insurance, death or survivor's benefit, health insurance, sickness, disability, medical, surgical, hospital, severance, layoff or vacation plans, contracts, and arrangements or employee benefit plans or agreements sponsored, maintained, or contributed to by the Bank for the employees or former employees of the Bank, together with (i) the most recent actuarial and financial report prepared with respect to any plans of the Bank which constitute "qualified plans" under section 401(a) of the Code, and (ii) the most recent annual reports, if any, filed with any government agency and all IRS rulings and determination letters and any open requests for such rulings and letters that pertain to any such plan.

(b) Except for liabilities to the Pension Benefit Guaranty Corporation ("PBGC") pursuant to section 4007 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), all of which have been fully paid, and except for liabilities to the IRS under section 4971 of the Code, all of which have been fully paid, the Bank has no liability to the PBGC or to the IRS with respect to any pension plan qualified under section 401 of the Code.

(c) All "employee benefit plans," as defined in section 3(3) of ERISA, that cover one or more employees employed by the Bank (each individually a "Plan" and collectively the "Plans"), comply in all material respects with ERISA and, where applicable for tax-qualified or tax-favored treatment, with the Code. As of December 31, 1991, the Bank had no material liability under any Plan which is not reflected on the Bank Financial Statements as of such date (other than such normally unrecorded liabilities under the Plans for sick leave, holiday, education, bonus, vacation, incentive compensation, and anniversary awards, provided that such liabilities are not in any event material). Neither the Plans, the Bank nor any trustee or administrator of the Plans has ever engaged in a "prohibited transaction" with respect to the Plans within the meaning of section 406 of ERISA or, where applicable, section 4975 of the Code for which no exemption is applicable, nor have there been any "reportable events" within section 4043 of ERISA for which the thirty-day notice therefor has not been waived. The Bank has not incurred any liability under section 4201 of ERISA for a complete or partial withdrawal from a multi-employer plan.

(d) No action, claim, or demand of any kind has been brought or threatened by any potential claimant or representative of such a claimant under any plan, contract, or arrangement referred to in subsection (a) of this section, where the Bank may be either (i) liable directly on such action, claim, or demand; or (ii) obligated to indemnify any person, group of persons, or entity with respect to such action, claim, or demand which is not fully covered by insurance maintained with reputable, responsible financial insurers or by a self-insured plan.

6.30. Employee Relations. As of the date hereof, the Bank is, to the best of its knowledge, in compliance in all material respects with all federal and state laws, regulations, and orders respecting employment and employment practices (including Title VII of the Civil Rights Act of 1964), terms and conditions of employment, and wages and hours; and the Bank is not engaged in any unfair labor practice. As of the date hereof, no dispute exists between the Bank, and any of its employee groups regarding any employee organization, wages, hours, or conditions of employment which would materially interfere with the business or operations of the Bank.

6.31. Fiduciary Activities. Except with respect to fiduciary and custodial activities for individual retirement accounts within the meaning of section 408 of the Code ("IRAs"), the Bank does not act, and since its inception has not acted, in a fiduciary or custodial capacity or otherwise conducted trust activities. The Bank is exempt from registration under the federal Investment Advisers Act of 1940, as amended. Since its inception the Bank has conducted, and currently is conducting, all fiduciary and custodial activities for IRAs in all material respects in accordance with all applicable law. To the best knowledge of the Bank, it is not subject to any contingent liability which, if resolved adversely, would be material to the business of the Bank.

6.32. Environmental Liability.

(a) The Bank is not in violation (either directly, including without limitation as a successor-in-interest in connection with the enforcement of remedies to realize the value of properties serving as collateral for outstanding loans, or indirectly, including without limitation as a collateral interest holder) of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including those arising under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Toxic Substances Control Act or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment ("Environmental Laws").

(b) Neither the Bank nor, to the actual knowledge of the Bank, any borrower of the Bank has received notice that it has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B nor has the Bank or, to the best knowledge of the Bank, any borrower of the Bank received any notification that any hazardous waste, as defined by 42 U.S.C. sec. 6903(5), any hazardous substances, as defined by 42 U.S.C. sec. 9601(14), any "pollutant or contaminant," as defined by 42 U.S.C. sec. 9601(33), or any toxic substance, hazardous materials, oil, or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") that it has disposed of has been found at any site at which a federal or state agency is conducting a remedial investigation or other action pursuant to any Environmental Law.

(c) No portion of any real property at any time owned or leased by the Bank (collectively, the "Bank Real Estate") has been used by the Bank for the handling, processing, storage or disposal of Hazardous Substances in a manner which violates any Environmental Laws and, to the best knowledge of the Bank, no underground tank or other underground storage receptacle for Hazardous Substances is located on any of the Bank Real Estate. In the course of its activities, the Bank has not generated and is not generating any hazardous waste on any of the Bank Real Estate in a manner which violates any Environmental Laws. There has been no past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping (collectively, a "Release") of Hazardous Substances by the Bank on, upon, or into any of the Bank Real Estate. In addition, to the best knowledge of the Bank, there have been no such releases on, upon, or into any real property in the vicinity of any of the Bank Real Estate that, through soil or groundwater contamination, may be located on any of such Bank Real Estate.

(d) With respect to any real property at any time held as collateral for any outstanding loan by the Bank (collectively, the "Collateral Real Estate"), the Bank has not at any time received written notice from any borrower thereof or third party that such borrower has generated or is generating any hazardous waste on any of the Collateral Real Estate in a manner which violates any Environmental Laws or that there has been any Release of Hazardous Substances by such borrower on, upon, or into any of the Collateral Real Estate, or that there has been any release on, upon, or into any real property in the vicinity of any of the Collateral Real Estate that, through soil or groundwater contamination, may be located on any of such Collateral Real Estate.

(e) As used in this section 6.32, the term "Bank" includes Yakima Valley Bank and any partnership or joint venture in which Yakima Valley Bank has an interest.

6.33. Intangible Property. To the best of its knowledge, the Bank owns or possesses the right, free of the claims of any third party, to use all material trademarks, service marks, trade names, copyrights, patents, and licenses currently used by it in the conduct of its business. To the best of the knowledge of the Bank, no material product or service offered and no material trademark, service mark, or similar right used by the Bank infringes any rights of any other person, and, as of the date hereof, the Bank has not received any written or oral notice of any claim of such infringement.

6.34. Real and Personal Property. Except for property and assets disposed of in the ordinary course of business, the Bank possesses good and marketable title to and owns, free and clear of any mortgage, pledge, lien, charge, or other encumbrance or other third party interest of any nature whatsoever which would materially interfere with the business or operations of the Bank, its real and personal property and other assets, including without limitation those properties and assets reflected in the Bank Financial Statements as of December 31, 1991, or acquired by the Bank subsequent to the date thereof. The leases pursuant to which the Bank leases real or personal property are valid and effective in accordance with their respective terms; and there is not, under any such lease, any material existing default or any event which, with the giving of notice or lapse of time or otherwise, would constitute a default. The real and personal property leased by the Bank is free from any adverse claim which would materially interfere with the business or operation of the Bank taken as a whole. The material properties and equipment owned or leased by the Bank are in normal operating condition, free from any known defects, except such minor defects as do not materially interfere with the continued use thereof in the conduct of the normal operations of the Bank.

6.35. Loans, Leases, and Discounts. To the best of the knowledge and belief of the management of the Bank, each loan, lease, and discount reflected as an asset of the Bank in the Bank Financial Statements as of December 31, 1991, or acquired since that date, is the legal, valid, and binding obligation of the obligor named therein, enforceable in accordance with its terms; and no loan, lease, or discount having an unpaid balance (principal and accrued interest) in excess of $50,000 is subject to any asserted defense, offset, or counterclaim known to the Bank.

6.36. Material Contracts. Neither the Bank nor any of the assets, businesses, or operations of the Bank is as of the date hereof a party to, or is bound or affected by, or receives benefits under any material agreement, arrangement, or commitment not cancellable by it without penalty, other than agreements, arrangements, or commitments entered into in the ordinary course of its business consistent with past practice, or, if there has been no past practice, consistent with prudent banking practices.

6.37. Employment and Severance Arrangements. Except as and to the extent disclosed previously by the Bank to West One in writing,

(a) it is not the policy and has never been the practice of the Bank to grant any of its officers, directors, consultants, or other management officials employment contracts providing for increased or accelerated compensation in the event of a change of control with respect to the Bank or any other event affecting the ownership, control, or management of the Bank; and

(b) there are no employment or severance contracts, agreements, or arrangements between the Bank and any officer, director, consultant, or other management official.

6.38. Material Contract Defaults. All contracts, agreements, leases, mortgages, or commitments referred to in Section 6.12(c) hereof are valid and in full force and effect on the date hereof. The Bank is not in default in any material respect under any material contract, agreement, commitment, arrangement, lease, insurance policy, or other instrument to which it is a party or by which its assets, business, or operations may be bound or affected or under which it or its assets, business, or operations receive benefits; and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a default.

6.39. Capital Expenditures. The Bank has no outstanding commitments in the nature of capital expenditures which in the aggregate exceed $50,000.

6.40. Repurchase Agreements. With respect to all agreements pursuant to which the Bank has purchased securities subject to an agreement to resell, the Bank has a valid, perfected first lien or security interest in the securities securing the agreement, and the value of the collateral securing each such agreement equals or exceeds the amount of the debt secured by such collateral under such agreement.

6.41. Dividends. The Bank has not paid any dividend to its shareholders which either: (a) caused the regulatory capital of the Bank to be less than the amount then required by applicable law; or (b) exceeded any other limitation on the payment of dividends imposed by law, agreement, or regulatory policy.

6.42. Brokers and Advisers. Except for the fee due to Montgomery Securities, there are no claims for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of the Bank in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of the Bank. Except as disclosed herein, the Bank has not entered into any agreement or understanding with any party relating to financial advisory services provided or to be provided with respect to the transactions contemplated by this Agreement.

6.43. Disclosure. No representation or warranty hereunder and no certificate, statement, or other document delivered by the Bank hereunder or in connection with this Agreement or any of the transactions contemplated thereunder contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading. There is no fact known to the Bank which might materially adversely affect the business, assets, liabilities, financial condition, results of operations, or prospects of the Bank which has not been disclosed in the Bank Financial Statements or a certificate or statement delivered to West One by the Bank. Copies of all documents referred to in this Agreement, unless prepared solely by West One or West One-Washington or solely by West One or West One-Washington and third parties hereto, are true, correct, and complete copies thereof and include all amendments, supplements, and modifications thereto and all waivers thereunder.

6.44. Regulatory and Other Approvals. As of the date hereof, the Bank is not aware of any reason why all material consents and approvals shall not be procured from all regulatory agencies having jurisdiction over the transactions contemplated by this Agreement, as shall be necessary for (a) consummation of the transactions contemplated by this Agreement, and (b) the continuation by the Bank after the Effective Date of the business of the Bank as such business is carried on immediately prior to the Effective Date, free of any conditions or requirements which, in the reasonable opinion of the Bank, could have a material adverse effect upon the business, operations, activities, earnings, or prospects of the Bank. As of the date hereof, the Bank is not aware of any reason why all material consents and approvals shall not be procured from all other persons and entities whose consent or approval shall be necessary for (y) consummation of the transactions contemplated by this Agreement, or (z) the continuation by the Bank after the Effective Date of the business of the Bank as such business is carried on immediately prior to the Effective Date.

7. Covenants of the Bank.

The Bank hereby covenants and agrees as follows:

7.1. Rights of Access. In addition and not in limitation of any other rights of access provided to West One herein, until the Effective Date the Bank will give to West One and to its representatives, including its certified public accountants, Coopers & Lybrand, and its tax adviser, Little-Morris, full access during normal business hours to all its property, documents, contracts, books, and records, and such information with respect to its business affairs and properties as West One from time to time may reasonably request.

7.2. Corporate Records, Contracts, etc.

(a) The Bank will make available to West One copies of the articles of incorporation and bylaws, and will make available minute books of the Bank, all of which shall be certified to be complete and true copies.

(b) The Bank will make available copies of all contracts or agreements involving amounts in excess of $25,000 to which the Bank is a party (other than loan agreements where the Bank is the lender and letters of credit) including but not limited to data processing contracts, service contracts, contracts to purchase or lease real property or equipment, guaranties, employment contracts, and insurance contracts pertaining to fire, accident, indemnity, fidelity, health, life, hospitalization, or other employee benefits.

(c) The Bank will furnish to West One the following information with respect to properties owned by the Bank: (i) a brief description and location of each parcel of real property owned by the Bank and (ii) a brief description of real and personal property covered by lease or other rental arrangements to which the Bank is a party, including a copy of the relevant leases.

7.3. Monthly and Quarterly Financial Statements.

(a) The Bank shall promptly provide West One with copies of all of its monthly and quarterly financial statements, and copies of all of its quarterly Consolidated Reports of Condition and Consolidated Reports of Income for the months and quarterly periods, as the case may be, ending between the date of this Agreement and the Effective Date. Such financial statements and reports shall be verified by the chief financial officer of the Bank. All of such financial statements and reports, including the related notes, schedules, and memorandum items, will have been prepared in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved.

(b) No adjustments will be required to be made to the equity capital account of the Bank as reported on any of the Consolidated Reports of Condition referred to in subsection 7.3(a) hereof, in any amount whether material or otherwise, in order to conform such equity capital account to equity capital as would be determined in accordance with generally accepted accounting principles.

(c) During the period between the date of this Agreement and the Effective Date, the Bank shall promptly provide to West One, within three days of filing, copies of each report filed by the Bank with the FDIC under the Securities Exchange Act of 1934 (the "Exchange Act").

7.4. Extraordinary Transactions. Without the prior written consent of West One, the Bank shall not, on or after the date first above written: (a) declare or pay any cash dividends or property dividends, with the exception of customary cash dividends to holders of the common stock of the Bank, in a manner all times consistent with the past practice of the Bank, and not to exceed $0.07 per share per calendar quarter; (b) declare or distribute any stock dividend, authorize a stock split, or authorize, issue or make any distribution of its capital stock or any other securities, or grant any options to acquire such additional securities; (c) merge into, consolidate with, or sell its assets to any other corporation or person, or enter into any other transaction or agree to effect any other transaction not in the ordinary course of its business except as explicitly contemplated herein, or engage in any discussions concerning such a possible transaction except as explicitly contemplated herein; (d) convert the charter or form of entity of the Bank from that of a banking corporation chartered by the State of Washington to any other charter or form of entity; (e) make any direct or indirect redemption, purchase, or other acquisition of any of its capital stock; (f) incur any liability or obligation, make any commitment or disbursement, acquire or dispose of any property or asset, make any contract or agreement, or engage in any transaction, except in the ordinary course of its business; (g) other than in the ordinary course of business, subject any of its properties or assets to any lien, claim, charge, option, or encumbrance; (h) except for increases in the ordinary course of business in accordance with past practices, not to exceed ten percent per annum of the aggregate payroll as of January 1, 1992, increase the rate of compensation of any employee or enter into any agreement to increase the rate of compensation of any employee; (i) create or modify any pension or profit sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or the level of benefits under any such plan, nor increase or decrease any severance or termination pay benefit or any other fringe benefit; nor (j) enter into any employment or personal services contract with any person or firm, including without limitation any contract, agreement, or arrangement described in Section 6.37(a) hereof, except directly to facilitate the transactions contemplated by this Agreement.

7.5. Preservation of Business. The Bank (a) will carry on its business and manage its assets and properties diligently and substantially in the same manner as heretofore; (b) will maintain the ratio of its loans to its deposits at approximately the same level as existed at December 31, 1991; (c) will manage its investment portfolio in substantially the same manner and pursuant to substantially the same investment policies as in 1990 and 1991, and will take no action to reduce the percentage which the aggregate investment portfolio of that company bears to the total assets of that company or to lengthen the average maturity of the investment portfolio, or of any significant category thereof, to any material extent; (d) will continue in effect its present insurance coverage on all properties, assets, business, and personnel; (e) will use its best efforts to preserve its business organization intact, to keep available its present employees, and to preserve its present relationship with customers and others having business dealings with it; (f) will not do anything nor will it fail to do anything which will cause a breach of or default in any contract, agreement, commitment, or obligation to which it is a party or by which it may be bound; and (g) will not amend its articles of incorporation or bylaws.

8. Representations and Warranties of West One.

West One represents and warrants to the Bank as follows:

8.1. Organization, Powers, and Qualification. West One is a corporation which is duly organized, validly existing, and in good standing under the laws of the State of Idaho, and has all requisite corporate power and authority to own and operate its properties and assets, to lease properties used in its business, and to carry on its business as now conducted. West One owns or possesses in the operation of its business all franchises, licenses, permits, branch certificates, consents, approvals, waivers, and other authorizations, governmental or otherwise, which are necessary for it to conduct its business as now conducted.

West One is duly qualified and licensed to do business and is in good standing in every jurisdiction in which such qualification or license is required or with respect to which the failure to be so qualified or licensed could result in liability or adversely affect the operation and properties of West One in any material respect.

8.2. Execution and Performance of Agreement. West One has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective terms.

8.3. Absence of Violations. West One is not in violation of its charter documents or bylaws, or of any applicable federal, state, or local law or ordinance or any order, rule, or regulation of any federal, state, local, or other governmental agency or body (including, without limitation, all banking, securities, municipal securities, safety, health, environmental, zoning, antidiscrimination, antitrust, and wage and hour laws, ordinances, orders, rules, and regulations), in any material respect, or in default with respect to any order, writ, injunction, or decree of any court, or in default under any order, license, regulation, or demand of any governmental agency, any of which violations or defaults might have a materially adverse effect on the business, properties, liabilities, financial position, results of operations, or prospects of West One; and West One has not received any claim or notice of violation with respect thereto. Neither West One nor its management is subject to any agreement with any banking or securities agency or authority with respect to the assets or business of West One. No enforcement actions are pending or threatened against West One by any of the Board of Governors, the SEC, or any securities authority of the State of Idaho.

8.4. Compliance with Agreements. West One is not in violation of any material term of any security agreement, mortgage, indenture, or any other contract, agreement, instrument, lease, or certificate.

8.5. Binding Obligations; Due Authorization. This Agreement constitutes valid, legal, and binding obligations of West One enforceable against it in accordance with the terms of such documents. The execution, delivery, and performance of this Agreement and the transactions contemplated thereby have been duly and validly authorized by the board of directors of West One. No other corporate proceedings on the part of West One are necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby.

8.6. Absence of Default. None of the execution or the delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will conflict with, or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under the organizational documents or bylaws of West One. None of such execution, consummation, or fulfillment will (a) conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a violation, conflict, or default under, or give rise to any right of termination, cancellation, or acceleration with respect to, or result in the creation of any lien, charge, or encumbrance upon, any property or assets of West One pursuant to any agreement or instrument under which West One is obligated or by which any of its properties or assets may be bound, including without limitation any material lease, contract, mortgage, promissory note, deed of trust, loan, credit arrangement or other commitment or arrangement of West One in respect of which West One is an obligor, or (b) violate any law, statute, rule, or regulation of any government or agency to which West One is subject, or any judgment, order, writ, injunction, decree, or ruling applicable to West One or any of its properties or assets. None of the execution or delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will require any authorization, consent, approval, or exemption by any person which has not been obtained, or any notice or filing which has not been given or done, other than approval of the transactions contemplated by this Agreement by the Board of Governors and the Supervisor.

8.7. Brokers and Advisers. There are no claims for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of West One in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of West One. West One has not entered into any agreement or understanding with any party relating to financial advisory services provided or to be provided with respect to the transactions contemplated by this Agreement.

8.8. Reports, Capitalization, and Proxy Disclosure.

(a) Since March 31, 1989, West One has effected all registrations and has filed all reports and statements which West One was required to file with the Securities and Exchange Commission. Each of such registrations, reports, and documents is correct as of the date of filing of each respective document and properly reflects the capital accounts of West One (in such cases as the capital accounts are presented).

(b) With respect to any proxy statement prepared by or at the direction of West One in connection with the transaction contemplated by the Agreement, the disclosure provided therein regarding West One and its operations will be accurate and complete as of the date of such proxy statement.

8.9 Disclosure. No representation or warranty hereunder and no certificate, statement, or other document delivered by West One hereunder or in connection with this Agreement or any of the transactions contemplated thereunder contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading. There is no fact known to West One which might materially adversely affect the business, assets, liabilities, financial condition, results of operations, or prospects of West One which has not been disclosed in West One Financial Statements or a certificate or statement delivered to the Bank by West One. Copies of all documents referred to in this Agreement, unless prepared solely by the Bank or solely by the Bank and third parties hereto, are true, correct, and complete copies thereof and include all amendments, supplements, and modifications thereto and all waivers thereunder.

9. Closing.

9.1. Place and Time of Closing. Closing shall take place at the offices of West One Bank, Washington, Bellevue, Washington, or such other place as the parties choose, commencing at 10:00 a.m., local time, on the Effective Date, provided that all conditions precedent to the obligations of the parties hereto to close have then been met or waived. Any party may postpone Closing for a reasonable period (not to exceed five days) if necessary to enable it to perform any obligations hereunder.

9.2. Events To Take Place at Closing. At the Closing, the following actions will be taken:

(a) Such certificates and other documents as are required by this Agreement to be executed and delivered on or prior to the Effective Date and have not been so executed and delivered, and such other certificates and documents as are mutually deemed by West One and the Bank to be otherwise desirable for the effectuation of the Closing, will be so executed and delivered; and

(b) The Share Exchange and the issuance of shares incident thereto shall be effected; provided, however, that the administrative and ministerial aspects of the issuance of shares incident to the Share Exchange will be settled as soon thereafter as shall be reasonable under the circumstances.

10. Termination, Damages for Breach, Waiver, and Amendment.

10.1. Termination by Reason of Lapse of Time. This Agreement may be terminated by any party on or after February 28, 1993, by instrument duly authorized and executed and delivered to the other parties, unless the Effective Date shall have occurred on or before such date.

10.2. Grounds for Termination. This Agreement may be terminated by written notice of termination at any time before the Effective Date (whether before or after action by shareholders of the Bank) only as provided in Section 10.1 or as follows:

(a) by mutual consent of West One and the Bank;

(b) by West One, upon written notice to the Bank given at any time if any of the representations and warranties of the Bank contained in Section 6 hereof was materially incorrect when made;

(c) by the Bank, upon written notice to West One given at any time if any of the representations and warranties of West

One contained in Section 8 hereof was materially incorrect when made;

(d) by West One, in its sole and absolute discretion, upon written notice to the Bank given within ten (10) business days after delivery by the Bank to West One of Schedule A hereof; or

(e) by either West One or the Bank upon written notice given to the other if the board of directors of either West One or the Bank shall have determined in its sole judgment made in good faith, after due consideration and consultation with counsel, that the Share Exchange has become inadvisable or impracticable by reason of the institution of litigation by the federal government or the government of either the State of Washington or the State of Idaho to restrain or invalidate the transactions contemplated by this Agreement.

10.3. Effect of Termination. In the event of the termination and abandonment hereof pursuant to the provisions of Section 10.1 or Section 10.2, this Agreement shall become void and have no force or effect, without any liability on the part of West One, West One-Washington, or the Bank or their directors or officers or shareholders in respect of this Agreement. Notwithstanding the foregoing, (a) as provided in Section 11.4 of this Agreement, the confidentiality agreement contained in that section shall survive such termination, and (b) if such termination is a result of any of the representations and warranties of a party being materially incorrect when made or a result of the material breach by a party of a covenant hereunder, such party whose representations and warranties were materially incorrect or who materially breached its covenant shall be liable to the other party or parties hereto solely to the extent of the actual, reasonable out-of-pocket expenses incurred by the other party in connection with the negotiation and preparation of this Agreement and the carrying out of the transactions contemplated hereby.

10.4. Waiver of Terms or Conditions. Any of the terms or conditions of this Agreement may be waived at any time prior to the Effective Date by the party which is, or whose shareholders are, entitled to the benefit thereof, by action taken by the board of directors of such party, or by its chairman; provided, however, that such waiver shall be in writing and shall be taken only if, in the judgment of the board of directors or officer taking such action, such waiver will not have a materially adverse effect on the benefits intended hereunder to the shareholders of its or his corporation; and the other parties hereto may rely on the delivery of such a waiver as conclusive evidence of such judgment and the validity of the waiver.

10.5. Amendment.

(a) Anything herein or elsewhere to the contrary notwithstanding, to the extent permitted by law, this Agreement and the exhibits hereto may be amended, supplemented, or interpreted at any time prior to the Effective Date by written instrument duly authorized and executed by each of the parties hereto; provided, however, that this Agreement may not be amended after the action by shareholders of the Bank in any respect that would prejudice the economic interests of such Bank shareholders, or any of them, except as specifically provided herein or by like action of such shareholders.

(b) If West One and the Bank should mutually determine (following receipt of advice of legal or other counsel) that it has become inadvisable or inexpedient to effectuate the transactions contemplated by this Agreement through means of a share exchange such as is contemplated herein, then the parties hereto agree to effect such change in the form of transaction as described especially in Section 1.1 of this Agreement by written instrument in amendment of this Agreement.

11. General Provisions.

11.1. Costs and Expenses.

(a) Allocation of Expenses. Except as provided in Section 10.3 and this Section, each party hereto shall pay its own expenses, including without limitation the expenses of its own counsel and its own accountants and tax advisers, incurred in connection with this Agreement and the transactions contemplated thereby. For purposes of this Section, the cost of printing and delivering the proxy statement and other material to be transmitted to shareholders of the Bank shall be deemed to be incurred on behalf of the Bank.

(b) Fees of Exchange Agent. The reasonable fees and expenses charged by the Exchange Agent in the discharge of its responsibilities hereunder shall be divided equally between West One and the Bank.

11.2. Mutual Cooperation; Access.

(a) Subject to the terms and conditions herein provided, each party shall use its best efforts, and shall cooperate fully with the other party, in carrying out the provisions of this Agreement and in making all filings and obtaining all necessary governmental approvals, and shall execute and deliver, or cause to be executed and delivered, such governmental notifications and additional documents and instruments and do or cause to be done all

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additional things necessary, proper, or advisable under applicable law to consummate and make effective the transactions contemplated hereby.

(b) Each party acknowledges to the other its understanding that further investigation of it by the other party may be necessary that such other party may more fully evaluate the merits of the transactions contemplated by this Agreement. To permit such investigation, and not in lieu or prejudice of any other right conferred hereunder, each of the parties shall afford to the other, and to the accountants, counsel, and other representatives of the other, full access during normal business hours, during the period prior to the Effective Date, to all of its properties, books, contracts, commitments and records and, during such period, each shall furnish promptly, or make available, to the other all information concerning its business, properties and personnel as the other party may reasonably request.

11.3. Form of Public Disclosures. West One and the Bank shall mutually agree in advance upon the form and substance of all public disclosures concerning this Agreement and the transactions contemplated hereby.

11.4. Confidentiality. West One and its subsidiaries and the Bank shall use all information that each obtains from the other pursuant to this Agreement solely for the effectuation of the transactions contemplated by this Agreement or for other purposes consistent with the intent of this Agreement. Neither West One, nor its subsidiaries, nor the Bank shall use any of such information for any other purpose, including, without limitation, the competitive detriment of any party. Each of West One and its subsidiaries and the Bank shall maintain as strictly confidential all information it learns from the other and shall, at any time, upon the request of the other, return promptly to it all documentation provided by it or made available to third parties. Each of the parties may disclose such information to its respective affiliates, counsel, accountants, tax advisers, and consultants. The confidentiality agreement contained in this Section 11.4 shall remain operative and in full force and effect, and shall survive the termination of this Agreement.

11.5. Claims of Brokers.

(a) The Bank shall indemnify and hold West One and West One-Washington harmless against any liability or expenses arising out of any claim for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of the Bank in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of the Bank.

(b) West One shall indemnify and hold the Bank harmless against any liability or expenses arising out of any claim for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of West One or any of its subsidiaries in connection with any of the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of West One or any of its subsidiaries with respect to the Bank.

11.6. Information for Applications and Registration Statement.

(a) Each party represents and warrants that all information concerning it which is included in any statement and application (including the Registration Statement) made to any governmental agency in connection with the transactions contemplated by this Agreement shall not omit any material fact required to be stated therein or necessary to make the statements made, in light of the circumstances under which they were made, not misleading. The party so representing and warranting will indemnify and hold harmless the other, each of its directors and officers, each underwriter and each person, if any, who controls the other within the meaning of the Securities Act, from and against any and all losses, claims, damages, expenses, or liabilities to which any of them may become subject under applicable laws (including, but not limited to, the Securities Act and the Exchange Act) and rules and regulations thereunder and will reimburse them for any legal or other expenses reasonably incurred by them in connection with investigating or defending any actions whether or not resulting in liability, insofar as such losses, claims, damages, expenses, liabilities, or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any such application or statement or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein, or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing by the representing and warranting party expressly for use therein. Each party agrees at any time upon the request of the other to furnish to the other a written letter or statement confirming the accuracy of the information contained in any proxy statement, registration statement, report, or other application or statement, and confirming that the information contained in such document was furnished expressly for use therein or, if such is not the case, indicating the inaccuracies contained in such document or draft or indicating the information not furnished expressly for use therein. The indemnity agreement contained in this Section 11.6(a) shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the other party, and shall survive the termination of this Agreement or the consummation of the transactions contemplated thereby.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement contained in section 11.6(a) of this Agreement is for any reason held by a court of competent jurisdiction to be unenforceable as to either or both parties, then the parties in such circumstances shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claims asserted) to which any party may be subject in such proportion as the court of law determines based on the relative fault of the parties.

11.7. Standard of Materiality. For purposes of Sections 4, 6, and 7 and Exhibit II hereof, the terms "material" and materially" shall be deemed to refer to amounts individually and in the aggregate in excess of $50,000, except that when used with explicit reference to any of the federal securities laws or to the Registration Statement, the terms "material" and "materially" shall be construed and understood in accordance with standards of materiality as judicially determined under the federal securities laws.

11.8. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be deemed to constitute an original, but such counterparts together shall be deemed to be one and the same instrument and to become effective when one or more counterparts have been signed by each of the parties hereto. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for the other counterpart.

11.9. Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to their commitments to each other and their undertakings vis-a-vis each other on the subject matter hereof. Any previous agreements or understandings between the parties regarding the subject matter hereof are merged into and superseded by this Agreement. Nothing in this Agreement express or implied is intended or shall be construed to confer upon or to give any person, other than West One and its subsidiaries and the Bank and their respective shareholders, any rights or remedies under or by reason of this Agreement.

11.10. Survival of Representations, Warranties, and Covenants. The respective representations, warranties, and covenants of each party to this Agreement are hereby declared by the other parties to have been relied on by such other parties. Except for the representations and warranties set forth in Section 6.32 of this Agreement, which shall survive the Effective Date for a period of five years after the Effective Date, no representation, warranty, and covenant shall survive the Effective Date. Notwithstanding the foregoing, any representation, warranty, or covenant made in connection with this Agreement which is breached as a result of fraud, willful misrepresentation, or gross negligence by a party shall survive the Effective Date. Each party shall be deemed to have relied upon each and every representation and warranty of the other parties regardless of any investigation heretofore or hereafter made by or on behalf of such party.

11.11. Section Headings. The section and subsection headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof. Any reference to a "person" herein shall include an individual, firm, corporation, partnership, trust, government or political subdivision or agency or instrumentality thereof, association, unincorporated organization, or any other entity.

11.12. Notices. All notices, consents, waivers, or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given if delivered personally or by messenger, transmitted by telex or telegram, by express courier, by facsimile transmission, or sent by registered or certified mail, return receipt requested, postage prepaid. All communications shall be addressed to the appropriate address of each party as follows:

If to West One or West One-Washington:

West One Bancorp
Post Office Box 8247
Boise, Idaho 83733

Attention: Mr. D. Michael Jones
President

With a required copy to:

Brian D. Alprin, Esq.
Metzger, Gordon, Scully & Mortimer
1275 K Street, N.W., Suite 1000
Washington, D. C. 20005

If to the Bank:

Yakima Valley Bank
Post Office Box 1629
Yakima, Washington 98907

Attention: Mr. Douglas R. Pringle
President and Chief Executive Officer

With a required copy to:

Andrew Bor, Esq.
Perkins Coie
1201 Third Avenue
Seattle, Washington 98101-3099

All such notices shall be deemed to have been given on the date delivered, transmitted, or mailed in the manner provided above.

11.13. Choice of Law and Venue. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Washington, without giving effect to the principles of conflict of law thereof. The parties hereby designate King County, Washington, to be the proper jurisdiction and venue for any suit or action arising out of this Agreement, and further consent to personal jurisdiction in such venue for such a proceeding.

11.14. Binding Agreement. This Agreement shall be binding upon the parties and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

[SEAL]

WEST ONE BANCORP

Attest: ______________________ By: ______________________

Dwight V. Board
Secretary

D. Michael Jones
President

[SEAL]

WEST ONE BANCORP, WASHINGTON

Attest: ______________________ By: ______________________

Dwight V. Board
Secretary

D. Michael Jones
~~Vice~~ President

[SEAL]

YAKIMA VALLEY BANK

Attest: ______________________ By: ______________________

Douglas R. Pringle
President and
Chief Executive Officer

State of Idaho)
) ss.
County of Ada)

On this 24th day of April, 1992, before me personally appeared D. Michael Jones, to me known to be the President of West One Bancorp, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public

State of Idaho)
) ss.
County of Ada)

On this [illegible] day of April, 1992, before me personally appeared D. Michael Jones, to me known to be the ~~Vice~~ President of West One Bancorp, Washington, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public

State of Washington)
) ss.
County of Yakima)

On this ________ day of April, 1992, before me personally appeared Douglas R. Pringle, to me known to be the President and Chief Executive Officer of Yakima Valley Bank, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

THERESA J. ZELLER

Theresa J. Zeller
Notary Public

EXHIBIT 11 - Statement regarding computation of per share earnings

Computation for the quarter ended (Dollars in thousands, except per share data)	March 31, 1992	March 31, 1991
Primary earnings per share:		
Weighted average number of shares	14,042,501	13,824,649
Common stock equivalents computed under the treasury stock method using average market price	181,544	129,059
Total	14,224,045	13,953,708
Fully diluted earnings per share:		
Weighted average number of shares	14,042,501	13,824,649
Common stock equivalents computed under the treasury stock method using the greater of ending or average market price	207,409	151,970
Other potentially dilutive securities	1,343,725	-
Total	15,593,635	13,976,619
Net income	$14,213	$11,118
Interest expense (net of tax) incurred for other potentially dilutive securities	588	-
Earnings per share:		
Primary	1.00	.80
Fully diluted	.95	.80